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OTTAWA
EDMOND CLOUTIER, C.M.G., B.A., L.Ph.,
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
CONTROLLER OF STATIONERY
1948

HOUSE OF COMMONS

Tuesday, June 15, 1948

The house met at eleven o'clock.

PRIVILEGE

MR. CHURCH—REFERENCE TO REPORT IN TORONTO "EVENING TELEGRAM"

Mr. T. L. CHURCH (Broadview): Mr. Speaker, I rise to a question of privilege. Yesterday in the house I asked the following question about the embargo on Canadian cattle to the United States—and I may say that the question has been on the order paper since Tuesday, June 8:

1. Has any action been taken as announced by the Minister of Agriculture last week in south Ontario that the cattle embargo is soon to be removed to allow Canadian cattle to enter the United States?

2. If so, will such action increase the cost of meat to citizens for home consumption in Canada?

3. Has any action been taken by order in council?

The answer I received yesterday was as follows:

Mr. McCubbin:

1. No action yet taken.

2 and 3. Answered by No. 1.

I wish to call the attention of the house to a garbled report of this question and answer on a serious problem which appeared in the Toronto *Evening Telegram* of yesterday, June 14. Several members of the house asked a similar question on the orders of the day yesterday. I should like a correction to be made in the record accordingly.

DIPLOMATIC SERVICE

SUPERANNUATION—PROVISIONS AS TO RETURN OF CONTRIBUTIONS, ETC.

Right Hon. L. S. ST. LAURENT (Secretary of State for External Affairs) moved that the house go into committee at the next sitting to consider the following resolution:

That it is expedient to present a bill to amend the Diplomatic Service (Special) Superannuation Act, to provide for the return to a public official or his widow, under certain circumstances, contributions made under such act; to give a right to a public official to elect not to become a contributor under the act and to provide that withdrawal allowances and gratuities shall be paid out of the consolidated revenue fund.

He said: His Excellency the Governor General, having been made acquainted with the subject matter of this resolution, recommends it to the consideration of the house.

Motion agreed to.

AMMONIUM NITRATE

REFERENCE TO QUESTION DROPPED FROM ORDER PAPER

On the orders of the day:

Mr. F. E. LENNARD (Wentworth): Mr. Speaker, yesterday when question No. 14 on yesterday's order paper, standing in the name of the hon. member for Victoria-Carleton (Mr. Hatfield), was called, I requested in his absence that the question stand, but it has been dropped. I ask that it be reinstated.

Mr. SPEAKER: I have noted the remarks made by the hon. gentleman.

COST OF LIVING

INQUIRY AS TO GOVERNMENTAL ACTION

On the orders of the day:

Mr. DONALD M. FLEMING (Eglinton): Mr. Speaker, yesterday I asked the government whether it would welcome a report from the prices committee, and if so, and the committee brought in a report, whether the government would set aside ample time for its discussion. The Minister of Finance in reply said that he would draw the question to the attention of the leader of the house. Is the Prime Minister in a position to make a statement now?

Right Hon. W. L. MACKENZIE KING (Prime Minister): I would say to my hon. friend that as to the time to be allotted to particular measures I think we should seek to accommodate each other, but I do not wish to make too many commitments in advance. A good deal will depend upon the progress we make in expediting the business of the house. I do not wish to make any commitments without regard to all sides of the situation, so far as these can be ascertained.

THE CLERK OF THE HOUSE

CONGRATULATIONS TO DR. BEAUCHESNE ON HIS BIRTHDAY ANNIVERSARY

On the orders of the day:

Mr. JEAN FRANCOIS POULIOT (Temiscouata): Mr. Speaker, I would remind the house that today is the birthday of our Clerk, Doctor Beauchesne, who has been in office for a longer term than any other clerk in any parliament in the British empire. He is modest and unassuming. He is the light that shines behind the Chair. He is popular with all the members, and I am sure that my colleagues will join with me in wishing him a happy birthday and all sorts of good things on this day when he became seventy-two years young.

Some hon. MEMBERS: Hear, hear.

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, I am sure the Clerk of the House will appreciate, from the applause which greeted the remarks of my hon. friend, that we are all pleased to have this opportunity of extending best wishes to him on his birthday anniversary and wishing him very many happy returns of the day.

Mr. JOHN BRACKEN (Leader of the Opposition): Mr. Speaker, this is one time when I think all sides of the house can follow the lead of the hon. member for Temiscouata (Mr. Pouliot); I am sorry that we cannot do it more often. May I, on behalf of my colleagues, join with those who have spoken in extending to the Clerk of the House our congratulations, our best wishes, and our hope that he may continue in his present office for many years to come.

Mr. ANGUS MacINNIS (Vancouver East): I am very glad to be able to associate the members of this group with other hon. members in congratulations to the Clerk of the House and in the good wishes which have been extended to him.

Mr. J. H. BLACKMORE (Lethbridge): Mr. Speaker, there has developed among men in our time a sort of notion that men lose their efficiency after they get to be about forty years of age. I rejoice that our Clerk, Doctor Beauchesne, has proved by a splendid example that this notion is completely fallacious. My impression is that Doctor Beauchesne has grown more efficient with the years. I am happy to be able to associate the Social Credit group with the good wishes that have been extended to him. I feel disposed to put into his mouth certain words of Browning in this connection. They are:

Grow old along with me!
The best is yet to be,
The last of life, for which the first was made.

[Mr. Mackenzie King.]

TRANSPORT BOARD

JUDGE OF EXCHEQUER COURT TO BE CHIEF COMMISSIONER

Right Hon. J. L. ILSLEY (Minister of Justice) moved that the house go into committee to consider the following resolution:

That it is expedient to bring in a measure to amend the Railway Act, the Exchequer Court Act and the Judges Act, 1946, to authorize a judge of the Exchequer Court of Canada to hold the office of chief commissioner of the Board of Transport Commissioners for Canada at a salary of fifteen thousand dollars per annum less any salary received by him as a judge of the exchequer court; and to provide further that the exchequer court shall consist of the president and four puisne judges (in lieu of three), the salary of the puisne judges being twelve thousand dollars per annum.

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

Mr. CHURCH: I should like to ask the minister a few questions on this amendment to the Judges Act, the Railway Act and the Exchequer Court Act. Does it interfere with the sittings of board of transport commissioners to be held in the Toronto city hall a week from today, at ten o'clock, to hear the application in connection with the Jones avenue crossing, described by a former commissioner as one of the most dangerous in Canada, the accident which took place on Sunday, and many other matters?

I notice that the exchequer court is to be increased to five judges, one of whom is to preside over the board of transport commissioners in the place of the present chief commissioner. I want to find out if the cases before this court are to be conducted from the exchequer court point of view. For example, some men with no experience have been appointed to this court. I understand that drastic changes are being proposed in the present Railway Act and in the Judges Act. The Judges Act should have been revised by a legal committee long ago. It is very largely obsolete.

With regard to the exchequer court, I am surprised at some of its recent decisions, and I do not see how the country is going to stand some of them. We have had several matters in our city concerning level crossings, serious accidents, and so on. People have been killed but we cannot get a hearing. The Railway Act sets out the powers, the functions and the duties of the board of railway commissioners, now called the board of transport commissioners. A valuable report and survey on railways was made in 1917 setting out what the functions of the transport board should be. There should be

no more political rate structures in this country. The report of the royal commission of 1917 said that any such proposals should be submitted to the board of transport commissioners. Yesterday we had a discussion on the Canadian National Railways. If you ask me, this is another measure bringing closer the time when there will be no regulation whatever of the steam railways in this country. If this is the only measure of the kind that we are to have during the present session, we shall have no regulation of the steam roads in this country, particularly if we permit a political rate structure to be made by changes in three statutes. If that comes about we shall have one province against another. If that is done you might just as well abolish the board of transport commissioners.

I only hope that the action being taken now will not prevent the present board from presiding over the cases to be heard a week from today in Toronto. In the accident which took place last Sunday, four freight cars might have fallen on top of streetcars, and might have produced pain and suffering and loss. If we create a board of four judges for this exchequer court I do not see how they are going to carry out their duties. Here we are at the 106th day of the session. The rate structure has been before the country for over a year. We are now changing the whole set-up of the board at this late date in the session. All we are doing now is to provide that, in the future, railway rates shall be left very largely to political influence. We shall have a political rate structure. Under the present Railway Act the onus is on the government of the day so long as they are the government of the day, because if the rate structure proposed by the transport board two or three months ago was wrong, there is the right of appeal by the seven provinces to the governor in council.

I fail to see the necessity for the appointment of a judge of the exchequer court as head of the board of transport commissioners. If that is done he will not have any time to attend to his duties on the exchequer court. If you ask me, the present exchequer court, with its travelling expenses around the country, is just spending money like water.

These are my objections to the measure. In my opinion the present minister, who is the attorney general, has done a great deal of good work since he has been Minister of Justice and Attorney General. I exempt him from any criticism when I deal with this proposed measure. I am sorry to see that at this late date changes are being made in all these acts. It is not in the public interest that it should be done, either now or in the future.

Mr. FLEMING: There are some views I should like to express on this resolution. Is it the intention of the minister to make an explanatory statement now? If so, I shall be glad to wait until he has done so.

Mr. ILSLEY: Yes, I will make a statement. I hoped that the resolution would pass and that the discussion would take place on the bill, but I am quite prepared to make a brief statement on the resolution.

As the Prime Minister announced to the house a few days ago, a change is being made, in the acts referred to in the resolution, as the result of the prospective early retirement of the present chairman of the board of transport commissioners. The work of the board of transport commissioners will be extremely important for some time to come. A reference of large dimensions has been made to the board with respect to equalization of freight rates in Canada and possible changes in the freight rate structure. The position of chief commissioner of the board of transport commissioners will be of very great importance.

In surveying the scene, we thought that Mr. Justice Archibald, who is a judge of the supreme court of Nova Scotia, had in large measure the qualifications for chief commissioner. He was chairman of the national war labour board for some years during the war, and discharged his duties there with great acceptability to the public. He has a capacity for hard work, and he has the judicial temperament. It is unreasonable to ask a judge of one of the superior courts to resign his position and become the head of the board of transport commissioners, forfeiting as he would, in the absence of some change in the legislation, important pension privileges as well as life tenure of office. To overcome these difficulties we thought it would be appropriate to provide for the appointment of Mr. Justice Archibald to the Exchequer Court of Canada. His tenure of office is shortened somewhat. The limit there is seventy-five years of age, as against life tenure in the superior courts. That, however, is perhaps not a serious feature from the standpoint of the judge who is appointed, but his appointment to the Exchequer Court of Canada enables him to retain his present pension privileges, which I think he should be allowed to retain if he is to assume the arduous duties of this important position.

The salary of $15,000 for the position is not excessive when the salaries of comparable positions, indeed of some less important positions,

are considered. We think that the salary is completely justified.

The effect of this legislation is that the ten-year tenure of office on the board of transport commissioners remains unchanged. Mr. Justice Archibald will become chief commissioner of the board, but only for a ten-year period. He will be eligible for reappointment at the end of that ten-year period, but whether or not he is reappointed is a matter for the future to disclose. If he ceases to be chief commissioner at the end of this period, he takes up his duties as a judge of the exchequer court.

The position he is taking as chief commissioner of the board of transport commissioners is almost wholly a judicial one, and I cannot imagine anything in the duties of the position that would unfit him for the discharge of his duties as an exchequer court judge at the end of his tenure of office as chief commissioner. Indeed, there is much in the experience which a commissioner gains on the transport board that would be of benefit to him in the Exchequer Court of Canada. Of necessity he must travel all over the country; he is dealing judicially with a large number of transactions which affect the financial or economic interests of people in all parts of Canada, and the work seems to be to some extent along the line of the work of a judge of the exchequer court.

The more the idea was explored, the more unobjectionable this solution seemed to be. It seemed to answer the question. It means that there will be one more exchequer court judge. If the work of the exchequer court continues to increase, it may very well be that in any event there ought to be another exchequer court judge. A great many cases are in arrears in the exchequer court at the present time. That situation, however, is not being met by this appointment, because Mr. Justice Archibald will devote his whole time to his duties as chief commissioner during his occupancy of that office.

Mr. KNOWLES: And if he goes back to the exchequer court, another judge will come to this position.

Mr. ILSLEY: If he goes back to the exchequer court we have to obtain the services of another exchequer court judge as head of the transport board. We keep the office of head of the transport board on the level of an exchequer court judge instead of, as now, on a somewhat different level. The qualifications are high. At the present time no one can be appointed chief commissioner unless he has had ten years' experience at the bar of Canada. He may, at the moment, be a judge, but he cannot continue in that capacity. This legislation enables him to continue to be a judge. What this legislation does is to make it possible to get a competent judge to assume these duties, and this would be practically impossible under the existing legislation.

Mr. FLEMING: The proposal made by this resolution has all the earmarks of legislation intended to meet a particular case, to make it possible to induce Mr. Justice Archibald to accept the appointment of chief commissioner. That, according to the proposal of the Minister of Justice, will involve the amendment of no fewer than three statutes. When we start amending general statutes to meet particular cases I submit we are short-sighted. Situations may arise that we may later regret.

It is a matter of regret that the government saw fit to announce the intended appointment before parliament has even opened up the way by enactment of legislation to make the appointment possible. Announcements of that kind may prejudice discussion. Under such circumstances no one wishes to say anything that might seem to suggest lack of confidence in the proposed appointment. So far as Mr. Justice Archibald is concerned, what I have to say about this measure is said without the slightest reflection upon him or upon his fitness for the important position of chief commissioner. But there are several aspects of the matter that make me feel that the expedient proposed by the Minister of Justice is not a sound one. It will involve the creation of a number of anomalies. Within the board itself, it means that appointment to the office of chief commissioner is to be restricted to selection from the panel of judges in the exchequer court. To that extent it represents a considerable narrowing of the field from which future chief commissioners may be selected, and I think it is unwise to confine the field within such proportions. The time may come when there will not be on the panel of the exchequer court a judge who has the qualifications required to discharge the functions of chief commissioner, and I think it is a mistake for us now to enact legislation that will have the effect of narrowing so greatly the field of choice.

Another anomaly which will be created has to do with the relative status of members of the transport board. At the present time the terms are uniform, ten years. The Minister of Justice has indicated that the appointment of chief commissioner will continue to be for a ten-year period. Nevertheless this legislation will result in discrimination among the different members of the board. It proposes that the chief commissioner shall have life tenure as a judge. As a judge he has security to which he can always return at the conclusion of his ten-year term as chief commissioner

This procedure is not open to the other commissioners. I do not see why that discrimination should be practised within the board of transport commissioners. The ten-year term, on the whole, has worked satisfactorily now for forty years and more.

In the office of the chief commissioner of the railway board, or the transport board as it is now called, this country has enjoyed the benefit of the services of some very distinguished men. Some of the jurisprudence of the board has been laid down in the past by chief commissioners who were giants in stature. Not so many years ago a distinguished statesman of this country said that the position of chief commissioner of the board of railway commissioners, as it was then, was the most important and most powerful position in Canada outside the government itself.

A third anomaly is to be created by this legislation. It is an anomaly within the exchequer court itself. There is to be on the panel of judges of the exchequer court a member who is in the court but not of the court. He is to be on a different salary from that received by the judges of the court. Under this measure he is being appointed not for the purpose of taking his place on the exchequer court, but simply to qualify under the new legislation for appointment as chief commissioner. With all respect, I do not think that is the proper way to treat the exchequer court. If there is need of more judges to carry on the business of that court, they should be appointed for that purpose. But why should we resort to this device of appointing an additional member of the court who is never expected to sit in the court? There is no suggestion that he should sit in the court. As a matter of fact his duties as chief commissioner will occupy his time fully and will keep him extremely busy. We have this curious situation, in which the chief commissioner will be a member of the exchequer court, will never sit in the court, and yet will draw a higher salary than is received by the other members of the exchequer court who are discharging exclusively their duties as exchequer court judges.

I do not think that the device proposed by the Minister of Justice to take care of the present situation in order to open the way for the appointment of Mr. Justice Archibald as chief commissioner is a sound one. The minister ought to find some other way of inducing Mr. Justice Archibald, if he is to be the new commissioner, to accept this appointment. I submit that he certainly should not now bring in amendments to no fewer than three statutes, which amendments will introduce anomalies into each of them. That is a short-sighted method of accomplishing the end that the government has in mind.

I recall that we had a comparable situation not long ago when a member of the supreme court of Saskatchewan was appointed to the diplomatic service and, although not discharging his judicial functions, for some years held a diplomatic office. An amendment was proposed to the Judges Act to effect this result. If the present situation is unique and so unusual that it is proposed to amend no fewer than three statutes, the case certainly should be reviewed and some other method devised. If we are to treat the statutes of parliament in this way; if we are to assume that they are open to frequent amendments to meet the exigencies of particular cases, I suggest that we are embarking on an entirely wrong course.

I repeat that in what I have said there is no intention to make the slightest reflection upon the suitability of Mr. Justice Archibald for appointment as chief commissioner. What I am criticizing is the method to which the government is resorting for the purpose of offering Mr. Justice Archibald sufficient inducement to accept this important office. I suggest to the minister that some other method be found in order to provide that inducement; and I suggest that the method adopted should not be one which seeks to introduce amendments to three general statutes in order to meet the exigencies of a particular case.

Mr. HANSELL: I rise, Mr. Chairman, not particularly to discuss the legal aspects of the resolution, because I see in it something for the constitutional lawyers to fight about, and I am not a constitutional lawyer. At the moment I wish to discuss what I believe to be a vital principle involved in the manner in which the resolution has been introduced. I refer to the fact that when the Prime Minister the other day made his announcement that certain changes were to be made, he announced as well the resignation of the present chairman of the board of transport commissioners and the acceptance of the position by Mr. Justice Archibald. This procedure appears to me to be a direct flouting of the principles of parliamentary government. I do not know whether hon. members will see the principle in the same light as I do. But when the Prime Minister stated that it was the intention of the government to bring down this legislation, he announced that Colonel Cross, the chairman of the board, had resigned, and that Mr. Justice Archibald had been approached and asked if he would accept the office of chairman of the newly-constituted transport board.

Why is it that the Prime Minister announced the legislation, the resignation, and the appointment before he knew whether or not the legislation would be acceptable to this parliament? I know, of course, the answer may be that that is the way of constitutional government works. Well, if that is the way our constitutional government works, it does not work properly. It is a negation of parliamentary democracy. The Prime Minister over and over again has been an exponent of what he has termed our free institutions, the institution of a free parliament. But his actions seem to belie his words. The Good Book says, "Let not thy left hand know what thy right hand doeth"; the Prime Minister, however, must be reading from some modern version that I have not yet read. He believes in not letting what you say know what you have already done.

I have watched this trend over the years, particularly since I have been sitting in this house. It seems to me that there has been a steady move to push parliament into the position of a rubber stamp. We do not like that. I had not been sitting here more than a couple of years when one of my colleagues said to me, "What is the use? We cannot do anything here". It would appear that we cannot, that everything is cut and dried. The Prime Minister comes along and says, "Now boys, this is what we have done; legislation will be introduced so that you can verify it". So we meet down here and our machine politics are of such a nature that men vote as yes men. That is about the situation.

I rise simply to object on principle. I am not objecting to the reconstitution of the board. I think the government has thought the matter pretty well through, and I am not objecting on those grounds. But the Prime Minister did not even have, shall I say, the courtesy to introduce the measure without saying anything about resignations or appointments. What he should have done was to let parliament approve this and then seek to fill the appointments. He may have had in the back of his mind the person he wanted to do the job; he may have had everything arranged, but the way this has been done was simply a negation of democracy and the flouting of our free parliamentary institutions.

Mr. KNOWLES: Mr. Chairman, no doubt when the Minister of Justice replies to the hon. member for Macleod he will point out that when the Prime Minister made his statement on June 8 he merely said that the government intended to accept Colonel Cross' resignation after this legislation had been passed, and that it was merely the intention, subsequent to the enactment of this legislation, to appoint Mr. Justice Archibald to the exchequer court and then as chief commissioner of the board of transport commissioners.

Mr. DIEFENBAKER: Is that mind reading, or is the hon. member the minister's parliamentary assistant?

Mr. KNOWLES: I think my hon. friend realizes that that is precisely the sort of reply the Minister of Justice would make. He might also point out that if the Prime Minister had not made this announcement in advance, hon. members on this side would probably be questioning the government now as to what their intentions were.

Mr. ILSLEY: Hear, hear; that is certainly true.

Mr. KNOWLES: It is probably true. I might be one of those who would be asking what those intentions were. But even with the best face that can be put on the course the government has taken, which is what I have tried to give, I think there is merit in the objections which have been put by the hon. member for Macleod. If this happened only once, the objection might seem technical, but the hon. member for Macleod is right; we go through session after session feeling that we are called upon just to rubber-stamp decisions made in advance and announced in advance by the government.

I shall not rehash the other instance we had this session, or the instances in previous sessions, because they are vivid in the memories of hon. members. But I do think that the Minister of Justice and the other ministers should not simply be offended by the remarks that have been made by the hon. member for Macleod. Rather, out of the interest which I am sure they have in parliamentary democracy they should think these matters over a little more carefully.

The Minister of Justice said "hear, hear," to a remark I made a moment ago. I suggest that what I referred to at that moment would have been a better course than the course that has been followed. At least the announcement of the government's intentions might have waited until we had the bill before us, until private members were asking the government how it intended to implement the proposed legislation.

This may seem of small importance to ministers who have been in power for a long time, but it looms large in the experience of those of us who are private members and also in the thinking of Canadian people generally. I am trying to keep my voice moderate about this. I have tried to indicate, to such an extent that

the hon. member for Lake Centre thought I was on the other side of the question, that there is some argument on the other side. I ask the government to recognize that we still have parliamentary democracy, and that more attention should be paid to the rights, and the courtesies, if you will, due to private members in this house.

I should like to make a comment on the substance of the legislation. I do not share the objection that is sometimes made to the use of judges for functions other than those restricted to the court room. I believe there is something to be said for the use of men holding the objective position that judges hold in handling matters which are outside of our courts and quasi-judicial. Organized labour is most grateful for the contribution that has been made to the building up of labour jurisprudence through the use of judges in that field. I believe there is merit in the government's suggestion that the matter of freight rates is so close to being judicial that it would be a good idea to have a judge as chairman of that board.

I felt that the best that could be said for the minister's presentation of the case this morning was to note his frankness in admitting that this legislation is an arrangement to make it possible to get a judge for this position.

Mr. ILSLEY: That is right.

Mr. KNOWLES: Perhaps the minister is trying to steal the thunder of some of the opposition. Perhaps the minister was afraid that somebody would call it a device, but at any rate he stated frankly that the purpose of this legislation was to make it possible to induce a judge to leave the bench and take on this job, which is limited to a period of ten years. The device is ingenious and novel, but there is one suggestion I should like to make to the minister. Having admitted, first of all, that is was a special arrangement, the minister then said that it seemed to the government that there was a relationship between the duties of the exchequer court and the duties of the board of transport commissioners. I gathered the minister felt that a judge who had had exchequer court experience would be better qualified for this work than judges of other courts. It may be that under present circumstances Mr. Justice Archibald strikes the government as the man best suited for the position. But in future—and I should hope this might be incorporated in the legislation—if the basis of this legislation is that there is some relationship between exchequer court work and the work of the board of transport commissioners, should it not be arranged that the chairman of that board be chosen from among the judges of the exchequer court who have had some experience in that court?

As the legislation now stands the door is left open for the hon. member for Eglinton to make the kind of remarks he did make this morning, that the proposed bill permits the appointment of a judge from some other court to the exchequer court for the express purpose of going immediately to the chairmanship of the board of transport commissioners. I wonder if the minister gave any thought to the suggestion that the choice be made from among those who have first served two, three or five years, if you will, in the exchequer court. That, I believe, would remove some of the element of this being a device, and would carry out the suggestion the minister made, namely, that there is a relationship between the kind of work dealt with in the exchequer court and the work done here. I say the idea itself seems to have merit but, the minister himself having admitted that it is an arrangement, perhaps he would consider this latter point a little further.

Mr. MACDONNELL (Muskoka-Ontario): I rise not for the purpose of making a speech on behalf of the Minister of Justice, but to make one or two comments as to what was said by the hon. member for Macleod, as well as one or two on my own behalf.

It seems to me that however good an answer there may be, in the actual words used by the Prime Minister, to the criticism made by the hon. member for Macleod, in substance it is sound and just. It seems to me that we are choosing the very worst time to lessen the dignity and authority of parliamentary institutions, and by that I mean a time when people, from our point of view wicked people, are trying in almost every way to undermine them.

I shall not labour the point. But I repeat what has been said so often, that it seems inevitable that when people have held power many years, certain things happen to them. Apparently they find it impossible to act in the way they would have acted when power was not so important to them. In some ways they become above themselves.

The other thing I wish to say is this. It seems to me there is an incidental disadvantage in what has been done in that we have the name of a certain gentleman announced as the person who is to be appointed if this legislation is passed. Therefore we cannot discuss the matter in as detached a manner, on its merits, as we should be able to do; because we already have the name of that man injected into the situation.

I am not going to say anything more about the principle of the use of judges. In my view there is much to be said against it; obviously there is much to be said for it; therefore I shall not take the time of the committee in a discussion of that point. I would say however that I believe in substance what the hon. member for Macleod said is true; and the Minister of Justice, who in this House of Commons has acquired a reputation for sincerity and a readiness to speak his own mind, should state his position clearly. I shall be interested to hear what he has to say.

Mr. FULTON: Mr. Chairman, it seems to me that in acting this way we are setting what may turn out to be an unfortunate precedent from which we can escape only by another amendment to the act at a later time. If the chairman of the board of transport commissioners is appointed in this manner, as a judge of the exchequer court, then in ten years time, when his term of office as chairman is completed, we shall have to add another judge to the exchequer court in order to find a new chairman for the board; and so we shall have to go on adding to the number of judges on the court. The deaths of judges already serving may not coincide with the expiration of terms of office of chairmen of the board. In my view it is undesirable to narrow the choice of persons to fill the office by requiring that they must be suitable for and in fact appointed to the Exchequer Court of Canada before they can be chairman of the board.

It seems to me this is too much like writing legislation to suit the personality or qualifications of one individual the government may have in mind to appoint to a certain position. It is a dangerous trend to follow, and a dangerous principle to introduce. In addition we are narrowing too much the freedom of choosing suitable persons to be chairmen of the board in the future.

Mr. ILSLEY: I do not know how long the committee would like to carry on this discussion, but I should like to say something about the charge that this method of procedure undermines parliamentary institutions.

As the hon. member for Winnipeg North Centre pointed out, the Prime Minister was correct in the position he took at the time of his announcement to the house. Colonel Cross' resignation is not to take effect unless this measure passes. Mr. Justice Archibald is still a judge of the supreme court of Nova Scotia, and will not resign from that court until this measure passes. He will not be appointed as chief commissioner of the board, or to the Exchequer Court of Canada, unless this measure passes. This was all made clear.

[Mr. Macdonnell (Muskoka-Ontario).]

The house has the matter in its own hands. I think it would be a pity if this proposed legislation were defeated. I do not think it will be; but parliament has it in its power to defeat it.

No action has been taken by the government except to make the necessary arrangements with Colonel Cross and Mr. Justice Archibald. If we had brought this legislation before the house without any reference to what are called personalities, without any reference to names or persons, the air would have been filled with rumours, and the newspapers would have been full of guesses as to what we were trying to do. The present chairman of the board would have been placed in an invidious position, as would also the appointee. We would have heard many appeals in the house asking the government to be frank, and to tell the House of Commons what its intentions were and what it was trying to do. We would have been obliged to do it. This was one arrangement which had to be announced clearly, fully and frankly in advance. I could not come before the house and suggest this legislation without showing what we were attempting to do.

My justification for the proposal I can put on narrow and clear ground. The present Railway Act provides that a judge may be appointed as a member of the board of transport commissioners. This legislation makes it possible for us to get a judge. Without some legislation of the kind it would be impossible for us to do so. At a time when salary ranges were altogether different and the relationship between them was different, this was not so. But today it is unreasonable to expect a superior court judge to abandon a position in which he has life tenure, to abandon all his pension privileges for himself and his wife, to accept a position with only a ten-year tenure of office, with not so much difference in salary, and with pension privileges which are negligible as compared with those enjoyed by a judge. If therefore we were to get a judge we had to make some change in the legislation.

Hon. members say: "Take some other method; do it in some other way". What other way? I considered first changing the tenure of the board chairman to a life tenure. But that would have serious disadvantages. The hon. member for Eglinton himself said that he thought the ten-year tenure was one which should be adhered to, instead of making the appointment of the chief commissioner a lifetime job. You may not want him for life. It is a little different from an ordinary judicial appointment. So we think we should stick to

ten years for the chairman, as for the other members of the board. It might be said that we could put this salary away up so that a judge would consent to take a ten-year appointment because he could afford to do it, since he was being paid so much money while he was there. I do not think that plan would work, nor do I think it would be acceptable to the house.

It might be said that we should amend the superannuation act to make special provision for this particular class of official. That would involve special legislation. All things considered we thought that this plan had fewer disadvantages than any practicable alternative. It may be possible for us to get a judge. The Railway Act contemplated the obtaining of judges for these eminently judicial positions. The board of transport commissioners is a court of record. Its work is not the same as that of the exchequer court, but it is along the same line. I do not mean that only persons with experience as exchequer court judges should be appointed, but rather persons who are qualified to be exchequer court judges.

Another thing we considered was whether we should say that only an exchequer court judge may be chief commissioner, or that the chief commissioner may be an exchequer court judge.

Mr. HACKETT: If the minister will permit a question, when was the legislation passed making it possible for a judge to be appointed to the board?

Mr. ILSLEY: I think it is in the section dealing with the chief commissioner. I take it for granted that it was there from the beginning. The act was passed, if I remember correctly, in 1903.

Mr. HACKETT: I believe that judges in the past have always resigned their judicial positions upon accepting appointment to the board.

Mr. ILSLEY: That is right. There is a provision in the Judges Act, and I think also in the Exchequer Court Act. The point I am making is perhaps a little obscure, but the act contemplated the possibility of appointing judges, not those who would continue to be judges, but judges who were qualified for an appointment of this kind. This legislation makes it possible for us to get a judge. Otherwise it would not be possible.

Mr. POULIOT: Why not as an alternative appoint a retired judge who is physically and mentally fit?

Mr. HACKETT: Mr. Chairman, I want to say a word on one aspect of this question. I have spoken to this point on many occasions, and with increasing conviction and ever-growing sadness as I have contemplated the inroads upon the reputation of the bench and the undermining of the judiciary by calling upon its members to perform duties and functions which are not inherent to the high office which is theirs. If it be desired to appoint a judge to the board of transport commissioners, let him cease to be a judge. That is what has happened in the past. I can see no objection to taking for this office a man with judicial experience but I can see every objection of his continuing to be a judge when occupying an office which is subject to all the influence and all the machinations and all the goings and comings to which the board of transport commissioners is subject. If anybody doubts my word, let him cast his mind backward just a few weeks and think of the things that were said in this house and the things that were done with regard to the freight rates decision, and think of the influences that were brought to bear upon the board and upon the government, and upon the government with regard to the board.

The government is seeking to bring to the solution of this particular difficulty the high office of the judiciary, and by so doing it is exposing that institution to great damage and disrespect. It is not necessary that a judge continue to hold judicial office to preside over the board of transport commissioners. If it is sought to appoint a judge to that position, it is solely for the purpose of bringing to the solution of the difficult political issues which arise out of rate-making the dignity of the judiciary and the great respect which the Canadian people have for that institution. The high and well-deserved reputation of the Canadian judiciary is being exploited to solve a political difficulty. I do not like to use harsh language. Mr. Chairman; I do not like to make statements that are unnecessarily blunt. But I can mention several instances, and give details of time and names, within the life of this parliament which have brought no honour to the judiciary, and in which members of the judiciary have been used and exploited for political purposes. It is time that that practice cease.

I think I know the right hon. gentleman who presides over the destinies of the Department of Justice, and I believe that these practices must be as repugnant to him as they are to me. There comes a time when other considerations should outweigh political advantage. Everybody knows of the problems

that have arisen out of the rates question. It is a difficult question; it is one which should rest exclusively with the board of transport commissioners. Unfortunately it has got beyond the bounds of that jurisdiction and has invaded the realm of politics, and we are now asked to countenance the appointment of a judge to find a solution to this political problem. I make bold to suggest that the price to be paid for such a solution is too high. The position of the judiciary is too important to be impaired by the exigencies of any political situation. There is no other reason for the present proposal than that of bringing to a political difficulty the appointment of a judge as presiding officer over the tribunal which would have to deal with that difficulty.

In the past, judges have been appointed to the board of transport commissioners and to the bodies which preceded it. I think that the first and one of the most famous of its presiding officers was Judge Mabee; but the moment he accepted that office he ceased to be a judge. If anybody will tell me why a member of the board of transport commissioners should continue to be a judge when he has become a member of the board of transport commissioners—unless it be to carry into his new calling the benefit of his high judicial reputation; unless it be to bring to that office the respect and ascendency of the bench—I fail to see it. Solely out of respect for the bench, and solely for the purpose of maintaining and preserving one of Canada's rarest treasures which she has inherited from the old land—where judges do not accept offices of this kind; where it would not be tolerated that they accept such offices—I ask that no judge, however able, be made a member of this board. There is no question about the ability and the integrity of the gentleman whose name is mentioned here. He is a man of highest ability, a man for whom everybody has the greatest respect, and there is no reason why he should not enter upon a new field of activity on his own merits without carrying into it the judicial ermine in the hope that it will cover up some of the partisan difficulties that arise out of the very nature of the questions which go before the board of transport commissioners.

Mr. ILSLEY: Mr. Chairman, I should like to reply to my hon. friend immediately, because I disagree with him. He imputed views to me which I do not hold. The hon. member for Stanstead is greatly attached to the view that he has expressed today, that judges should rarely, if ever, be appointed as heads of royal commissions, or discharge extra-

judicial duties. I have said repeatedly in the house that I think there are times when the appointment of a judge to discharge these extra-judicial duties is quite appropriate.

Mr. HACKETT: Will the hon. member permit me? I agree with that. There is work that they can do and do it with advantage, such as the recodification of the criminal code, for instance. But what I object to—and I do not want there to be any misunderstanding—is the appointment of judges to decide questions which are highly tinged with politics.

Mr. ILSLEY: Let us examine this argument. I cannot deal with it conclusively because the issue arises from a difference in point of view. But my hon. friend said repeatedly that these judges who are appointed from time to time are appointed for political purposes, to solve political problems of the government. That sounds like a very damaging accusation; but after all, what are political purposes? When you use the word "political" I know that the first reaction of the public is that there is something discreditable about purposes if they are political purposes. But that is not the meaning of the word "political". The word "political" has a very high significance. Often judges have been appointed in the past because the state of the public mind was such, the worry in the public mind was such, the fear of wrongdoing was such, that there must be, and there ought to be, in the interests of the functioning of a democratic state, a finding by a person for whom the public had respect. That has been the reason for the appointment of judges.

My hon. friend may say that that is meeting a political need of the government; that is a political purpose that the government is carrying out. Well, if so, it is a high purpose; it is a worthy purpose that the government is carrying out when it appoints judges under conditions of that kind.

My hon. friend says that the government is trying to avail itself of, or benefit by, the high reputation of the judge. He should have added one other word. The quality of the judge that is so important in these things is the quality of independence. Take this very case, the appointment of an exchequer court judge to be chairman of the board of transport commissioners. He has what is virtually a life tenure—tenure until he is seventy-five years of age. He can do what he thinks and believes to be right without any dictation from the government. That is a strong reason for appointing him.

My hon. friend did not point out any deleterious or injurious effects which would flow.

Does my hon. friend think that a judgment of the board of transport commissioners, because there is wide interest in it, will drag down the Exchequer Court of Canada if at any time Mr. Justice Archibald functions as an exchequer court judge? I do not believe it for one moment. There are judgments of the courts which are most unpopular; judgments holding that the provisions of certain statutes are unconstitutional; judgments affecting the economic interests of thousands, and perhaps hundreds of thousands, of Canadians. That does not drag down the courts. It may be an unpopular thing, but so long as the public is satisfied that the man is an honest man, that he is acting independently, that he is not under the domination or dictation of the government, it does not discredit the courts; it does not hurt the courts in any way.

I think my hon. friend's views are—I used the word once before—extreme. I think they are extreme in this regard. He may think my views are extreme. But surely there are great advantages in appointing to a court such as this one who remains independent and whose judgment creates confidence in the minds of the public. If the public give the government credit for appointing that kind of man, perhaps that furthers the political purpose of the government, but only because the government did the right thing—that is all. We cannot refrain from doing the right thing because the purpose is sometimes political.

Mr. KNOWLES: You do the other thing.

Mr. DIEFENBAKER: I did not intend to join in this discussion, although what has been said from this side of the house represents the opinion held not only on this side but in many parts of the country as well. I realize that the minister has been so long allergic to this kind of thing that any criticism of his actions in this regard, or any criticism of the government, is regarded as extreme.

I would point out, and I follow the hon. member for Stanstead in this regard, that too often the judiciary has been used by the government in setting up commissions on political matters, the result of which has been detrimental to the certainty with which the people of this country should regard the independence of the bench.

If the minister would like to read his own statements in that regard, I remind him that in 1932 or 1933—they are not before me at the moment—he was one of those who, from this side of the house, spoke with that directness which he can use on occasion against the findings of a judge, and he pointed out then that a judge who takes the position of a commissioner ceases to be sacrosanct so far as his conclusions are concerned.

Mr. ILSLEY: His recommendations.

Mr. DIEFENBAKER: Whether it is recommendations or not, when these recommendations are subject to attack, the result is that the judge himself is placed in a position that denies that independence of the bench which is so necessary to the even administration of justice. Administration of justice consists not only in justice being administered but in the fact that the people as a whole believe that justice is being administered.

We have discussed this subject before, and the minister rouses himself when any question is raised that parliament on occasion is treated with contempt by this government. He becomes quite angry. He wraps himself in the cloak of an assumed wrath. He smiles now; that fits him better. I say this to him. What we have here is a strange procedure. Parliament decides that ten years is the proper period. If independence is what is asked for, why is not the position made for life? Why place members of the exchequer court in the position that they or some of them will be picked out ten years from now? You maintain the independence of the exchequer court by holding before its judges the opportunity to become chairman of this board!

In the past few years we in this country have suffered from the erosion of parliamentary rights. The other day the Prime Minister gave a statement to the press on the outcome of certain recent by-elections, and he indicated that the course of action of the government is not rightly understood; but he also indicated that ultimately, in the unfolding of events, the rightness of the administration will be established. I say to you, sir, that they do not do this in Great Britain.

Mr. ILSLEY: Do not do what?

Mr. DIEFENBAKER: Place judges in the position of being translated from one office to another.

Mr. ILSLEY: Is the hon. gentleman sure of his facts?

Mr. DIEFENBAKER: Yes.

Mr. ILSLEY: He is quoting the hon. member for Stanstead, but my understanding is that judges are appointed as heads of royal commissions in Great Britain.

Mr. DIEFENBAKER: They are appointed from time to time as heads of royal commissions.

Mr. ILSLEY: Yes.

Mr. DIEFENBAKER: Absolutely; there have been occasions, but not when it is a question of political implication or as a

result of aroused opinion whereby political passions may be stirred. I agree with the hon. member for Stanstead, and I agree with the right hon. gentleman, that in certain matters judges have a place, but I say that nothing did more to bring down the bench of this country, as far as our people are concerned, than to take an estimable man like the Chief Justice of Canada, Sir Lyman Duff, and place him on a political commission, the Hong Kong investigation. These things undermine—

Mr. DECHENE: Leave the dead alone; talk about the living.

Mr. DIEFENBAKER: My hon. friend speaks of the dead. Sir Lyman still lives. Get up to date. It is these things, sir, that we object to.

Mr. ILSLEY: Sir Lyman Duff has not been brought down from anywhere. He is still up there.

Mr. DIEFENBAKER: I remember when, very recently, the Minister of Justice strongly objected to any suggestion of criticism of that commission and of the findings of the judge. Once he did that, once there were criticisms outside the house, the position of the Chief Justice of Canada was placed where it ought not to be.

Mr. ILSLEY: It was the position of his critics that suffered there.

Mr. DIEFENBAKER: Well, sir, I wish I could be as certain of that fact as is my right hon. friend, because he says we want to maintain the independence of the bench. But independence is not maintained by taking a judge and by subterfuge placing him—no, I will not call it subterfuge; by means suitable to the government, translating him—to the exchequer court, and then again, by indirect means, shunting him into the position of head of this board.

Look at the position. It is all arranged in advance. As reported at page 4888 of *Hansard*, Colonel Cross is consulted, and he admits that his term of office does not end until February 1950. What is all the rush? Colonel Cross has either done a good job or he has not. Colonel Cross is fully able to carry on his position. But he is consulted, and it is pointed out that some changes are to be made. Then he undertakes to resign if the changes take place. In fact he has given his resignation to take effect under these circumstances.

Surely the minister does not contend that that maintains the independence of the chairman of the board of transport commissioners.

[Mr. Diefenbaker.]

Then a judge on the bench is consulted, before any change is made—a judge totally removed from any suggestion of political considerations. He is asked whether he, as a judge of the supreme court of Nova Scotia, will be willing to accept another position provided that the incumbent resigns and legislation goes through parliament. The independence of the bench, of which the minister spoke a few minutes ago, cannot be maintained by playing ducks and drakes with it in that manner. I have no objection to a judge's occupying that position. But surely the whole thing could have been done simply by an amendment to the superannuation act or to the retirement provisions in the Judges Act. That was done in order to preserve the rights of a judge in Saskatchewan; at least it had that effect.

Imagine what will be our position from now on. I point this out to the minister, although he had nothing to do with it; he was a member of the government, but he was not Minister of Justice. In 1938 we appointed a judge to the court of appeal in the province of Saskatchewan because the court needed a judge. For one and a half years before the war he occupied a position under the Farmers' Creditors Arrangement Act. Then the war came along and he took a war job; I do not intend to argue that matter. He did his job and he did a job that I will commend. Though he had never sat on the bench, he remained a judge of the court of appeal of Saskatchewan, and had the advantages of a judge with regard to pension on retirement and the like. Then he decided that the diplomatic service was the place for him, and he went to Australia. That was in the latter days of the war. He returned from Australia, and was still a judge. Then something was said about his being appointed ambassador to China. But he could not be appointed to that position, otherwise he would lose his nine years' seniority on the bench and his pension qualifications. A bill was introduced which provided that a person who transferred himself from the bench to any other position should remain entitled to his pension qualifications. That procedure does not maintain the independence of the bench.

I suggest that in this matter the minister should not adopt the indirect method suggested by the various amendments he is bringing before the committee. I suggest that the end be achieved by the simple expedient of an amendment to the Superannuation Act, if you will. Why use the exchequer court as a medium through which a result may be effected that in the years to come cannot but constitute a dangerous precedent? Limitless possibilities are opened up here. If we want

a judge in Saskatchewan for some position, all we have to do now is to increase the size of the court of appeal. By increasing the numbers, you have a judge available; then you put him into circulation in some other position. It is too dangerous a precedent, and I join with the hon. member for Stanstead in the stand he has taken. He is president of the Canadian Bar Association, and his views merit the consideration of the members of the house and the people of the country as a whole. All of us have a responsibility to preserve the integrity and the independence of the judiciary. Things like this cannot but have a deleterious effect on public opinion and its regard for that integrity.

Mr. POULIOT: I have seldom heard the hon. member for Lake Centre speak with such eloquence about the judiciary of this country. He spoke in moving accents when he referred to justice and the administration of justice. As one who was admitted to the bar a long time before the hon. member was, and one who will cease to practise a long time before he will, I was deeply interested. For me in my seat here it is refreshing to hear the hon. gentleman. He had the accents of d'Aguesseau, the great French jurist, in addressing the opening of the courts in France. Addresses such as these show great culture, and cannot do otherwise than create a profound impression on those who have the privilege of listening to them. I would not start a competition of the kind, because I admit at once that I would be beaten. Eloquence is not a gift that I possess; I have none.

Mr. KNOWLES: The hon. member is too modest.

Mr. POULIOT: But when I think of the matter that is now before the committee, I wonder if it is the bench, or the freight rates, or both together, that are the cause of this concern. I have here a list of the judges who are superannuated. The first of them is a man who has acquired a great reputation as a jurist. I refer to Sir Lyman Duff. Would my hon. friend accept Sir Lyman Duff as head of the transport board if he agreed to go there? He would protest with regard to him just the same as he did before with regard to an investigation that was carried on by Sir Lyman Duff. Then there is Mr. Justice Hyndman, for whom I have profound respect and admiration. He is a superannuated judge. When I spoke to the Minister of Justice about retiring judges who were mentally and physically fit, he shrugged his shoulders. But on the list there is someone else who is able, and whose defence I will take at once. I refer to Colonel Cross, the chairman of the board of transport commissioners. Because the ruling of the board has not been satisfactory to some members, shall we change the whole board? Shall we bring in a judge? That matter gave to the hon. member for Lake Centre an opportunity to cast some mild aspersions on Mr. Justice Davis, the ambassador to China. He is a man I know well, and he does a very good service. I wonder how many eminent Canadians would agree to leave their country for China in the present circumstances, and to carry a prefabricated house with them. It is worse than the bed the paralytic carried on his back. Would any hon. member carry a prefabricated house to China?

Mr. KNOWLES: And a load of coal as well.

Mr. POULIOT: Yes. The ambassador to China is a man who has imposed great sacrifices upon himself in order to serve his country.

Mr. HACKETT: Is the hon. member quite sure that the hon. member for Lake Centre said anything detrimental to Mr. Justice Davis? I listened with great care, and I do not recall that he said anything critical of Mr. Justice Davis.

Mr. POULIOT: I did not say detrimental; I did not use that expression. I said "mild aspersions". I know what I say, and the hon. member for Stanstead will be better off if he listens to me as closely as he listens to his colleague. He will learn much more by listening to me than he will by listening to the hon. member for Lake Centre.

Mr. MACDONNELL (Muskoka-Ontario): I ask the hon. member whether he does not regard the words "mild aspersions" as being in some sense critical?

Mr. POULIOT: I am sure the hon. member for Lake Centre had nothing critical in his mind when he cast the mild aspersions. To the pure all is pure.

Mr. DIEFENBAKER: Is that a personal testimonial by my hon. friend?

Mr. POULIOT: It is a testimonial to my hon. friend; it is a tribute to him. I tell the hon. member for Stanstead, who is a likeable gentleman and a great Canadian; I tell the hon. member for Lake Centre, who is a well-gifted Canadian for whom I have great personal admiration, although I do not agree with one iota of his policy—I ask them what they would like to have done by the transport board with regard to freight rates. Are they satisfied with the ruling that has been given

by the board? Probably not. No one has been satisfied. Why? Because the board has not done the work that it should have done—that is, to compare freight rates throughout the country and iron out all discriminations.

I said to the house before that these gentlemen have some leisure. Is it necessary to cut their meat and put it in their mouths in a spoon so that they can eat? They must be older than babies; they must know what to do without being instructed all the time by the Minister of Transport. As soon as the ruling was given it was declared to be unsatisfactory, and we as members said, "We will call for a judge; a judge is supreme; we will have a judge". But very often a judge is used as a screen to cover political sins.

Why should we have a judge come into this business? Why should we change the whole board because a ruling is not satisfactory? Are we going to change the board every time a ruling is unsatisfactory to the Liberals, to the Tories, to the C.C.F., or to the Social Credit party? Will each party in turn ask for a change in the board, to have a judge replace the chairman? I know Colonel Cross quite well, and he does not deserve the criticism that has been made on so many occasions. He is a good man and he does well. I do not think I can pay the same compliment to the other commissioners. One of the former commissioners was Colonel Vien. He was acting chief commissioner of the old railway board, where he did exceptionally good work. Why do we not have the same results now from the transport board, the new name for the former railway board?

I do not see why we should have a change now. I do not see why we should have to discuss this with the judiciary. We might ask the present chairman of the transport board to make in another sphere the same sacrifices that Mr. Justice Davis has made by going to China. The board should start to reconsider the mass of evidence it has before them. These men must know something of the transportation problem, because they are supposed to have studied it for a long time. They must have acquired some knowledge. They should be told that with the mass of evidence they have before them they should try to iron out all the discrimination with regard to freight rates. They have the personnel, they have the evidence, they have the personal information; they are the right body to do this work. They are paid for their knowledge. Why should that all be put aside because the C.C.F. have suggested a royal commission?

Would the work of a royal commission be more satisfactory than the work of the transport board? I do not believe it would. I ask you, and I ask my colleagues to consider this matter and not ask for a change in personnel when it is not absolutely necessary. It is the duty of this board to do this work. They have been assigned to do it. Suppose a stenographer or a messenger happens to make a mistake. Is it necessary to fire that person and replace him with another? If that were done we would have a perpetual migration from every office. Many times a thing is done wrongly without any wilful intent, but the person can be shown the proper way to do it. That is the way we should deal with the transport board.

Perhaps there was a misunderstanding. I am ready to give them the benefit of the doubt. But I suggest that it is not proper to change the personnel of the board. They should be told to make their own examination and study and to report on existing discriminations in freight rates. Then when a report is made we will decide whether it is good or not, whether they are competent or not. But that would be after they had been instructed to do this according to the expectations of the Canadian people. We would then have an opportunity to reconsider the matter ourselves.

I say one last thing. If this suggestion is accepted we will have a report on freight rates in a much shorter time than if we appoint a judge or if we appoint any other body than the board of transport commissioners.

Mr. McIVOR: Mr. Chairman, I see another side to this big question perhaps because I am not a lawyer. One side is the honour of the judiciary and the public respect for it. The other side is made up of the groups of people who get into trouble. Whom would you prefer to have preside, an independent judge, a distinguished businessman, a cabinet minister, an outstanding member of the opposition, or someone else? If I were a member of one of those groups, whether employer or employee, I would certainly choose a judge. Is it not the lifetime work of a judge to settle difficulties between individuals? What bigger job is there in a court than to settle difficulties which come before a commission such as this?

The DEPUTY CHAIRMAN: Shall the resolution carry?

Mr. MACDONNELL (Muskoka-Ontario): No. I wish to add a word. I think we can all accept what has been said by the Minister of Justice as to the requirement of independence. I listened with great interest to what he said—and by the way, I think the judges before whom he appears when he gets back to the practice of law will have to fortify themselves, so as not too readily to be carried away.

I wish to make one point. We talk about independence; let us be realistic about it. It seems to me there is one way in which we can get the independence the minister wants, without transgressing the principle the hon. member for Stanstead has outlined.

Let us not fool ourselves about judges; let us not believe that they are a separate order of creation or that they are not moved by the same feelings as those by which the rest of us are moved. We must not allow ourselves to get into that state of mind. No one has more respect than I have for judges; nevertheless I understand it has been the practice, one very regularly followed, that judges are not promoted from lower positions in the judiciary to chief justiceships. Why? It certainly was the practice for a long time in Ontario, as I understand it. One reason was that they did not want to tamper with the independence of judges—among other things, by placing a judge in such a position that he might have to seek to ingratiate himself with governments. Surely that is a creditable and well-recognized principle. It acknowledges that judges are human like the rest of us, and that we have to seek in every possible way to avoid lessening their independence. What are we doing here? First of all it seems to me that the general principle outlined by the hon. member for Stanstead is sound, that we should not have plums floating about for judges. I am being blunt about the matter, because we must regard them as ordinary human beings. Let us not fool ourselves; judges are like the rest of us, and they would like to have substantial additions to their incomes in special jobs which turn up.

It seems to me that what we are doing here is something which is far worse. As I understand it a continuing plum of a very substantial nature will constantly be held out before the judges of the exchequer court. The business of the judge of the exchequer court, in the main, is to decide between the government and the individual. If I understand the position correctly, being human he cannot entirely get it out of his mind that if he is a good boy and very highly and favourably regarded by the powers that be, the time may come when he may get a very important position.

Is there any way out? I suggest there is a simple way out—and I still hope the Minister of Justice will consider it. My suggestion is almost exactly in line with that of the hon. member for Lake Centre, although it may differ in one important detail. The law is that we can appoint a judge. No one questions that.

Mr. ILSLEY: You do not have to.

Mr. MACDONNELL (Muskoka-Ontario): Let me make this clear; I do not question the appointment of a judge. But as the hon. member for Stanstead has said, if a judge is appointed let him resign from the judiciary, and then attach to this office a proper pension. Public opinion would surely approve a proper pension, so that a man could take it and be independent.

Mr. ILSLEY: It would not be sufficient unless you gave the office life tenure, or a tenure to seventy-five years.

Mr. MACDONNELL (Muskoka-Ontario): If the minister will allow me, I do not see why you need to give life tenure. I am impressed by the argument against it, but usually if he has the full ten years and is eligible for reappointment, and if he is a good man, he is reappointed.

Mr. KNOWLES: A good man or a good boy?

Mr. MACDONNELL (Muskoka-Ontario): I come back to this thought: It seems to me we do not need to follow this plan, which I think has certain evils in it. The only disadvantage in following my plan is that it may cost us a little more money. I do not like to suggest the expenditure of additional dollars, but I certainly think it would be very much worthwhile; and I suggest, before I take my seat, that the ten-year appointment, subject to reappointment—and I think that might have been done; it happened in the case of Judge Mabee—would meet the objection of the hon. member for Stanstead.

Notwithstanding the eloquence of the Minister of Justice I do believe that there is a great deal of evil there, and that the very independence which he himself so rightly emphasizes is in danger of being challenged.

Mr. ILSLEY: I just wish to say a word about the first part of my hon. friend's remarks, that there are plums floating around here for exchequer court judges. It sound persuasive. But bear in mind the fact that the exchequer court judges are sometimes promoted to be president of the exchequer court; at least they are eligible for promotion. Judges of provincial appeal courts are continually being promoted to the position of chief justice of the appeal court; members of appeal courts in the provinces are often promoted to be judges of the Supreme Court of Canada and members of the trial divisions in the provinces are continually moved to the appeal divisions. While greater financial remuneration is involved, these positions are regarded by most of them as more desirable appointments.

Mr. MACDONNELL (Muskoka-Ontario): That may be all very undesirable.

Mr. ILSLEY: There is no way of avoiding it. If I were a member of the Exchequer Court of Canada I would not regard the additional pay here as a plum. If I had my mind on money, I would not take that job on a bet. If I were a member of the Exchequer Court of Canada I would stick right there. If I were not interested in doing a job for the country I would never think of moving from the Exchequer Court of Canada over to the board of transport commissioners, with all the grief there is there and all the difficulties there are there.

The hon. member seems to think we are making provision here by which a judge takes a sort of non-judicial or political appointment. The board of transport commissioners is itself a court of record. He is a judge; when he is chairman of the board of transport commissioners his work is judicial.

My hon. friend from Lake Centre is talking about the dangerous precedent which will be established by adding to the bench in the provinces in order to give political jobs.

Mr. DIEFENBAKER: I said there could be.

Mr. ILSLEY: As a matter of fact there could not, because the constitution of the courts of the provinces cannot be changed by us. It has to be changed by the province. We cannot do it.

Mr. DIEFENBAKER: That is right.

Mr. ILSLEY: But if we could, this does not create any additional precedent because we are not putting a judge into a political job. We are putting him into a judicial job. This is the only way we can get the necessary quality and the necessary independence, when you consider the salary we pay, the superannuation, and all that kind of thing.

What would my difficulty have been, or that of the Minister of Finance or the Minister of Transport, if they had brought in that program? We would be on the other side then. I knew the hon. member for Stanstead and the hon. member for Lake Centre would come forward with this idea, that you should not use judges for anything else. But I would say to my hon. friends: do not just let habit of mind dictate what you say on everything. Look at the merits of the case. Have a little bit of adaptability, so that you can look at the real merits of this proposal. Do not apply preconceived rules to every situation. This is a case in which your rules do not apply.

[Mr. Ilsley.]

The DEPUTY CHAIRMAN: Shall I report the resolution?

Mr. DIEFENBAKER: No.

Resolution reported, read the second time and concurred in. Mr. Ilsley thereupon moved for leave to introduce Bill No. 347, to amend the Railway Act, the Exchequer Court Act and the Judges Act, 1946.

Motion agreed to and bill read the first time.

At one o'clock the house took recess.

The house met at three o'clock.

REVISED STATUTES

PROVISION FOR COMMISSION TO EFFECT REVISION

Right Hon. J. L. ILSLEY (Minister of Justice) moved that the house go into committee to consider the following resolution:

That it is expedient to present a measure respecting the Revised Statutes of Canada, to thereby establish a commission to effect such revision and to authorize remuneration to be paid the members of the commission, assistants, officers, clerks and employees.

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

Mr. MARQUIS: Mr. Speaker, to my mind this is one of the most important enactments of the present session, and for this reason I would be remiss in my duty if I did not say a few words with respect to it.

There is no doubt that the revision of our federal laws is long overdue, although there are many reasons why it could not have taken place before. The great war which we had to go through, the resultant uncertain period which has followed, and the temporary nature of the greater part of our emergency legislation in consequence thereof, have all contributed to the delays. I wish, therefore, to thank the Minister of Justice (Mr. Ilsley) and to congratulate him upon having initiated this important and advantageous enterprise before his retirement. This work will be the crowning opus of a parliamentary career so rich in learned and useful contributions to our federal legislation for well over twenty years.

All those who are affected by our federal legislation—and that means practically every Canadian, but more specially the judges and magistrates who have to apply the laws, and the lawyers, businessmen and administrators of all kinds who are in daily contact with them—will, I am sure, be thankful that their duties will have been made easier by the revision.

In a very interesting article by Doctor Maurice Ollivier which has just appeared in the last number of the *Canadian Bar Review,* and in which the law clerk of the House of Commons makes a study of the different statute revisions both in the United Kingdom and in Canada throughout the years, I noticed a section in the Revised Statutes of Canada, 1906, Act, to the effect that the printed roll of the French version:

—should be deemed to be the authentic original French version of the said statutes, and as such shall have the force of law as if herein enacted.

The article refers to the discussion which took place at that time, and quotes Mr. Aylesworth, then minister of justice, as having stated in the house that:

The French text of our statutes is of absolutely equal potency with the English.

This section dealing with the French version does not appear in the governing act of the revised statutes of 1927, nor does it appear in the present bill. I wonder if the minister would not consider the insertion of a similar clause as section 13 of the present bill; or if not, would he consider making a declaration to the house that, although this section will not appear in the act, the situation as far as the authenticity of the French version is concerned remains unchanged.

Dealing with the next revision of the statutes as contemplated in the present bill, Doctor Ollivier makes what I believe to be some valuable suggestions which I should like briefly to bring to the attention of the house and of the minister.

The first suggestion is that a departmental subcommittee of the Department of Justice might prepare a codification and extensive revision of the criminal code, to be passed at the next session of parliament, to improve the act from the points of view of drafting, arrangement of parts and sections, and simplification of procedure.

His second suggestion has to do with the consolidation and revision of taxation measures along the line already started with the revision of the act respecting income taxes. In other words, there should be a revision of the Excise Tax Act, the Excise Act and the Customs Tariff. Doctor Ollivier states that if these statutes, and some others which he names, could be adopted by the house purely as consolidations, without changes, and by consent without discussion, much of the work of the commissioners would be eliminated, and consequently the cost of the general revision would be greatly reduced.

The article goes on to suggest that it would expedite matters if an act were passed or the rules of the house amended to provide that when a revised act is introduced it shall receive first, second and third readings without any discussion if the minister introducing it states that the bill is simply a consolidation without any new matter or essential change. It could further be provided that, if the minister so desires, the bill may be referred to a committee, there to be further revised, studied and examined.

These are all valuable suggestions which certainly deserve to be considered. I have no doubt, however, that the minister has read this memorandum by our law clerk and has had these very points under advisement and consideration.

Mr. CHURCH: The hon. gentleman who has just sat down, Mr. Chairman, is one of those mentioned for promotion in case there is any change in the Department of Justice.

This bill is one of the most important which the present Minister of Justice has introduced into this house. Some years ago I proposed that the statutes of Canada should, like the Bank Act, be revised every ten years. This revision is going to take a long time. The last revision was in 1927. Every year amendments to statutes are made; and a very large amount of legislation has been put on the statute book since 1927. I believe the time has come for revision.

The present Minister of Justice will be very much missed. I am sorry to see him go, because he is a conscientious and hard-working public officer and has proved himself a most trustworthy attorney general. But if a change is to be made in the Department of Justice I believe that the province of Ontario should have this important portfolio. Sir Wilfrid Laurier appointed as minister of justice one of his colleagues, Mr. Mills, who represented a part of the country from which you yourself come, Mr. Chairman, western Ontario.

I want to compliment you, sir, on the work you have done as chairman during a large part of the discussion of these bills. I believe that in the estimates provision of $2,000 a year should be made for our chairman for the work he did last year and this year. Having said that I may say that the time has come when that portfolio should be given to the old province of Ontario.

I should like to hear something from the minister about this resolution. Is it proposed, as in the case of the revision of the Ontario statutes, to have a commission of judges conduct this revision—because it will take a long time to go over all the law? We have to consider also the rules and regulations which

the crown makes on almost every statute that is passed, giving these regulations also the force of statutes.

The next point I want to make is this. The enforcement of all federal law from confederation to the present, has been a matter for the provinces, and the provinces simply turn it over to the municipalities. They have a municipal police system of their own. Up until recent times Ontario had only a skeleton police force, something like the skeleton in the health department. They have taken the skeleton out of the closet now, and once the skeleton gets out nobody knows what will happen.

So far as this revision is concerned I am hoping that someone like Hon. Mr. Justice Mackay, who has had a great deal to do with the law of libel and slander, criminal and constitutional cases, will be included as one of the commission. I see no reason why some estimate of the cost should not be given, because this will be a very expensive commission. It reminds me of what I proposed a short time ago, Mr. Chairman. We should have a legal committee in this house. They have had one in nearly all the provinces since confederation. These legal bills could be considered by that legal committee. I commend that suggestion to the present minister.

I do not know that I can say anything further, because I do not want to hold up the minister's resolution and bill. I hope that this commission will not be too large, that the members will be selected from some of the judges, and that the recommendations of the chief constables' association will be given consideration. I hope that the provincial police systems, which are largely municipal, will receive bonuses, subventions and subsidies from this parliament to enforce federal law, because we do not enforce federal law ourselves.

When I was chairman of the police commission in Toronto I found that the number of federal acts that had to be enforced, together with the orders in council issued by the government during the first war, entailed a large sum of money. With the late Mr. Bradshaw, our city treasurer, assisting me, I wrote to many states; he wrote to Australia and to New Zealand. We found that in Australia the city of Sydney received over $2,000,000 in bonuses, subventions and subsidies for doing this work of enforcing federal law. A very large part of our police work is devoted to traffic and to the enforcement of these orders in council. The mounted police serve the Northwest Territories. We all owe a great deal to the work which the mounted police did during the two wars and between the wars in coming to the aid of the civil police systems. If the federal government is not going to enforce its own federal law, there should be some recognition, by federal contribution, of the work done by the police throughout the whole of Canada during the second great war and since, in enforcing all federal law and hundreds and thousands of orders in council.

I am sorry to see the minister go. I compliment him on having the courage and the wisdom to bring in this resolution so that the matter may be cleaned up. When that is done, and a complete revision of federal law adopted, we shall have a better state of affairs in the enforcement of law and order in this country.

Mr. FLEMING: There is general agreement in the house that the time is ripe, if not overdue, for a revision of the statutes of Canada. In the past there have been just three revisions. The last one, which was made in 1927, is already twenty-one years old. No doubt by the time the revision now proposed is completed the 1927 revision will be twenty-five years old. The previous revisions of 1886 and 1906 did not present anything like the amount of work that was presented to the commissioners in 1927, and, of course, not nearly the amount of work that will confront the commissioners in this new work of revision.

Certain questions naturally suggest themselves on a reading of the resolution, and I would ask the Minister of Justice when he speaks to deal with such points as these. First of all, will the minister indicate the size of the proposed commission, the terms of appointment and the qualifications he has in mind for the personnel? In 1927 revision was carried out very largely by judges. Does the minister intend that the commission this time shall be composed in the main of judges?

Important questions arise also with reference to the scope of revision. It will be one thing if the task of the commissioners is simply to be the work of consolidation—a simpler task and one which could be accomplished much more quickly. But if a serious attempt is to be made to revise the statutes, then the undertaking is bound to be much greater.

When I spoke a moment ago about the revision being in the hands of judges I spoke rather of the provision for an earlier revision. The 1927 revision was in the hands of the following as commissioners: Sir Charles Fitzpatrick as president; Mr. Newcombe, who was deputy minister of justice at the time the commission was set up—on his appointment to the Supreme Court of Canada he was

relieved of his position on the commission; Mr. Hartley Dewar; Mr. E. J. Daly, of Ottawa; Mr. F. R. Russell, K.C.; Mr. L. A. Rivet, of Montreal.

It is quite a coincidence that just last week the *Canadian Bar Review* carried an article by the law clerk of the house, Doctor Maurice Ollivier, on the subject of revision of the statutes. It is an article in which there is much learning. The author reviews the work of revision on the previous occasions. He outlines the work of revision of the statutes in the United Kingdom, and in some of the provinces where revisions have been carried out much more frequently than in the dominion sphere.

Some thoughts are expressed by the law clerk which call for some comment. He has a paragraph on page 810 of the May issue of the *Canadian Bar Review* on the need of revision. I should like to read the paragraph. He says:

> There is no doubt that a new revision of our federal statutes is long overdue. Many reasons have been given for not starting it. The main one is certainly the unusual situation created by the second world war. This had the effect of interrupting many normal activities and concentrating attention on more pressing problems. The situation thus created has not yet returned to normal, nor stabilized itself. The annual statutes are cluttered up with emergency and temporary measures; some of these may exist for a short time only, while others may be of the sort of temporary nature which is sometimes referred to as permanently temporary. Until the situation has been clarified by the lapse of time, it is difficult to say which of these acts should be included in a general revision and which should be omitted.

He points out the necessity for revision in certain classes of statutes, such as the criminal code, statutes relating to taxation, and some other acts which he mentions. But Doctor Ollivier goes on to deal with another matter which in my opinion calls for comment in this house. The law clerk offers his views with respect to the procedure to be followed in the house in the matter of revision, and I must say I am shocked at some of the views expressed in the paragraph which I should now like to quote. It will be found at page 811:

> It would expedite matters if an act could be passed, or the rules of the house amended, to provide that when a revised act is introduced it would receive first, second and third readings without any discussion, if the minister introducing it states that the bill is simply a consolidation without any new matter or essential change. It could be provided further that, if the minister so desires, the bill will be referred to a committee, there to be further revised, studied and examined. The work of the committee would consist simply in verifying that the consolidation contains no new matter and that the changes made are matters of form and do not substantially change the law, and in suggesting any further improvements in drafting or arrangement of sections.

He then goes on to point out what he considers to be the advantages to be derived from following a procedure of the kind—a sort of short-circuiting procedure. I entertain the highest respect for Doctor Ollivier, but I certainly do not share the view he has expressed in the paragraph I have read, in which he indicates that parliament should be quite content, so far as the work of revision is concerned, simply to give, without any discussion, first, second and third readings to bills of any kind which the minister introducing them intimates do not contain any change in matter or substance.

It is not the function of parliament to be a rubber stamp for anybody, the government or anybody else. While I hope that the commission on the revision of statutes will be a commission of eminent men whose opinions on the revision of statutes and the consolidation of sections will be entitled to the highest respect, I do not think that parliament will be paying to the work of the commissioners the respect which we trust will be due to their labours if we simply swallow their reports holus-bolus without addressing ourselves to the subject matter of the statutes so presented.

Surely parliament would be remiss in its duty if it simply conferred upon the reports of the commissioners, in effect, the force of statute without going through the procedure that has been laid down for the review of bills introduced in this house. Whatever is good in the reports of the commissioners—and I am sure that much in their reports will be good—should have careful study in this house. I trust therefore there will be no thought, on the part of those who will be members of this house when the reports of the commissioners are brought in, of simply taking that work and rushing it through first, second and third readings without careful consideration.

Parliament itself ought to be a party to the task of the revision and consolidation of the laws it passes. Simply because this is conceived to be a work of revision of existing statutes, there should be no excuse for parliament turning its back on its duty of accepting primary responsibility for such a revision.

Mr. POULIOT: Mr. Chairman, I have to register the most solemn protest against one of the suggestions of the hon. gentleman. He has suggested the appointment of "eminent men" to that commission. What is an eminent man? How many eminent men have we, those splendid looking wizards who impress bureaucratic civil servants? I hope the minister will not appoint any so-called eminent

man. We have enough of them, $15,000 a year eminent men. I had hopes for the hon. member for Eglinton. I had hoped that he would fight bureaucracy to the limit, but now he is indulging in the same errors as those who support it.

Mr. FLEMING: I thought I was saying a word for the duty of parliament to retain responsibility for this revision and not simply to abdicate in favour of commissioners.

Mr. POULIOT: Did not the hon. gentleman mention eminent men? He would never call a Liberal an eminent man; I know him well enough.

Mr. FLEMING: On a question of privilege, I wish to correct this statement of the hon. member for Temiscouata. I would not say there are no Liberals who are eminent. As a matter of fact I consider the hon. gentleman himself an eminent man, and I think that his eminence is in large part due to the fact that he is not a rubber-stamp Liberal but one who practises independence in the house.

Mr. POULIOT: I thank the hon. gentleman for what he has said. It is news to me before I read the afternoon paper. I wish to warn him however about that eminent man stuff. I do not believe in it personally, though sometimes I use the expression as a matter of grace and just to show my good disposition. I do not believe that eminent men can be found to be placed on the tariff board. We do not need eminent men there. We need sensible men.

An hon. MEMBER: Men of horse sense.

Mr. POULIOT: Sensible, competent men. They will be competent if they are sensible. But we want men who are willing to work, who know how to work and who have a sufficient sense of duty to do the work which will be assigned to them by their functions, so that there will be no difficulty about it.

Mr. GRANT: Eminent men do not work.

Mr. POULIOT: I regret to differ. In fact I do not know what my hon. friend means by an eminent man. Probably the idea which my hon. friend the member for Kings has of what constitutes an eminent man is entirely different from that which is entertained by the hon. member for Eglinton. At any rate, whether a man is a judge or not, I hope, contrary to some suggestions that are made in this house, that when new appointments are made those who are appointed will be sensible men. Whether they wear robes of ermine or not, we can find sensible men in

all walks of life. It is not necessary to be a judge in order to be a sensible man. I hope the minister will be happy in his appointment after the good wishes that have been expressed by the hon. member for Stanstead, the hon. member for Lake Centre and the hon. member for Eglinton.

Mr. HACKETT: Has the minister stated yet how many members will form the commission, and whether it is intended that the commission shall depart in any radical way from the course followed by previous commissions which have been entrusted with a similar task?

Mr. ILSLEY: I should like to deal for a few minutes with some of the remarks that have been made.

The hon. member for Kamouraska asked that I make a statement similar to that made by Sir Allen Aylesworth with regard to the authenticity of the French version. I will look at that statement and see whether I can do so when we are on the bill. I will give consideration to the hon. member's suggestion. The same observation applies to the other suggestions he made, such as that the Department of Justice should prepare a revision of the criminal code for the consideration of the commissioners, and that there should be a consolidation of some of the taxation legislation.

The hon. member for Eglinton asked about the size of the commission. The bill provides for the appointment of five commissioners, but I may move an amendment to provide for the appointment of seven, so that one section of the commission may devote itself exclusively to the criminal code. This is an idea which is under consideration at the present time. I am afraid that I cannot say much with regard to the terms. At the time of the former revisions I believe the commissioners were paid on a per diem basis and were not full-time commissioners. I am unable to say what qualifications they will possess except competency, if it is possible to get that qualification.

The hon. member for Eglinton stated that in the 1906 revision the commission consisted largely of judges, but that is incorrect. There was only one judge on that commission.

Mr. FLEMING: In 1927, I said.

Mr. ILSLEY: First let us deal with 1906. The hon. gentleman first said 1927; then he corrected himself by saying 1906. In 1906 the commissioners were: The Minister of Justice and the Solicitor General ex officio; Right Hon. Sir Henry Strong, president; Wentworth E. Roscoe, K.C.; Augustus Power, K.C.; Henry Robertson, K.C.—

Mr. HACKETT: Mr. Power was in the Department of Justice, was he not?

Mr. ILSLEY: I do not know whether he was or not.

Mr. HACKETT: It seems to me that he was.

Mr. ILSLEY: I mentioned Henry Robertson, K.C. Then there was Edward R. Cameron, K.C.; Thomas L. Metcalfe, barrister, and Henry Philippe Sirois, notary public.

Mr. HACKETT: Mr. Cameron was in the courts.

Mr. ILSLEY: Yes.

Mr. HACKETT: He was registrar of the supreme court.

Mr. ILSLEY: Yes. So there was only one judge on that commission. In 1927 the commissioners were—

Mr. HACKETT: Sir Charles Fitzpatrick—

Mr. FLEMING: I read the names.

Mr. ILSLEY: Yes, they were placed before the committee by the hon. member for Eglinton. Apparently there were no judges at all on that commission, although I understood one county court judge was engaged in the revision in 1927.

I am interested in some of the observations that have been made this afternoon. I certainly was not aware that it was part of the scheme for the revision of the statutes to have the statutes debated section by section when they went through the house. That was contrary to my impression of what is done or what can practically be done. That seemed to be the view that the hon. member for Eglinton had as to the duties of members of parliament. I do not think that they have ever assumed that responsibility. I think that they take adequate means to see that the statutes on the books are truly reproduced, and that is all. I do not think they go over them critically at all, section by section. But I will look into the suggestion. I think the hon. member for Eglinton is all wrong about the operation if he thinks that this is a reconsideration, and that the revision of the statutes involves reconsideration by parliament of all the statutes of Canada. I do not think it ordinarily does.

Mr. HACKETT: I was under the impression that a report was made dealing with all the statutes that had been considered, giving the reason for the elimination of some that were not included, and for the abbreviation of others. I am not certain about that, though.

Mr. ILSLEY: I will make inquiries about it. This is the very purpose of discussion on the resolution; we can get our views straightened out on these matters. Then I can come back, either on the second reading of the bill or when we are in committee, and answer these questions.

The hon. member for Eglinton seemed to think that Doctor Ollivier's suggestion that there be some consolidation by parliament before the work is undertaken by the commissioners is not a good one. I simply took it that Doctor Ollivier was suggesting that that would be a more convenient way to effect consolidation; that the officials—and I suppose largely finance officials—were in a position to consolidate these taxation statutes, and that they should do it; that the consolidation should go through without discussion provided there was an assurance that there was no change in the existing law, and that the commissioners would be saved that much time and the government would be saved that much money. It does not strike me as an important saving, I must say; nevertheless I do not think there is anything particularly dangerous about it.

Mr. DIEFENBAKER: What does the minister mean by "revision"? It is a word that requires interpretation. What had the minister in mind? Was it merely a consolidation, bringing up to date the various amendments and setting them under their respective sections?

Mr. ILSLEY: I will tell the committee what I mean by revision, and what I mean by consolidation, but whether my definitions are in accordance with the dictionary definitions or the ordinary acceptation, I do not know. By revision I mean re-enactment after consideration, with some changes. By consolidation I mean re-enactment, in perhaps slightly different form, but without any change in meaning. The duty of the commissioners, if I am correctly informed, has been to effect a consolidation without change of meaning. They straighten out language, rearrange sections, and remove anomalies. They strike out sections which were put in for the purpose of fixing the date of the coming into force of the act. They may remove preambles. They may make all sorts of verbal changes. But if they are consolidating the statutes they are not making any change in the effect or meaning of the statutes. That is a consolidation, and I think that is a duty of the commissioners. Revision, in the sense in which I use the word, is a different matter.

Mr. DIEFENBAKER: That is a parliamentary responsibility.

Mr. ILSLEY: Yes; the matter of revision is a parliamentary responsibility. It has been suggested to me that parliament should take in hand quite a number of acts before this consolidation is completed, with a view to revision. It is suggested that these acts contain provisions which ought to be changed. But that is a different suggestion altogether from the one made by Doctor Ollivier in his article. He was suggesting a parliamentary consolidation preliminary to consolidation by the commissioners. I do not think there is much against it, but I do not think it is a particularly important suggestion.

Mr. KNOWLES: In view of the proper distinction the minister has made between the words "revision" and "consolidation", and in view of the fact that he stated it is his intention that this commission is to do a consolidating job, I should like to know the significance of the word "revision" in the second line of the resolution.

Mr. ILSLEY: They have always been called the revised statutes of Canada. In some jurisdictions they are called the consolidated statutes, but in Canada they have always been called the revised statutes. "Revision" apparently was used in a sense different from that in which I am using it.

Mr. KNOWLES: The terms of the bill will be such as to make it clear that the powers of the commission are only to do what the minister means by consolidating?

Mr. ILSLEY: The wording of the bill I am going to submit will not be exactly the same as that of the bill introduced in 1927. I believe the wording of that bill was exactly the same as the bill of 1906. A little change is being made which we cannot advantageously discuss here but which will be discussed when we come to that particular section.

Of course the criminal code ought to be revised, and it may be that if this is to be undertaken by a section of the commission that is to be set up, special powers or special responsibilities in respect to the criminal code will have to be given them. I must say that I have not been able to give any clear idea as to how the criminal code is to be revised. If the task of revision, if the changing of the code, if the changing of the penalties, if the changing of the principles of punishment and so on are to be delegated to commissioners—they would be a sort of royal commission to advise the government on what the law ought to be—then the government and parliament will have to take the responsibility for the changes in the criminal code in a sense in which they would not have to take it with regard to most of the laws on the statute books of Canada.

[Mr. Diefenbaker.]

Mr. DIEFENBAKER: The distinction which the minister makes renders rather unimportant the work of revision by this commission. As a matter of fact if the revision of the statutes is to mean simply a rearranging of the sections, a recommending of the removal of the occasional preamble, then it is more or less a perfunctory act that is to be performed by these men. If that is so, the question of their eminence or ability or knowledge of the law would be of very little importance.

I suggest to the minister that in addition to discharging the more or less perfunctory responsibility which is necessary he ought to give consideration to widening the meaning of the word "revision" so that the commission to be set up under the bill to be based on this resolution will be discharging an essential function, namely, recommending to parliament or to the Department of Justice the necessity of changes in various sections of the statutes in order to bring them up to date.

I have not said anything on the matter up to the present, but after listening to the minister I feel that if all we are doing is setting up a commission for the purpose of running through the statutes and saying, "Well, this statute of 1932 has been amended four times and we will put in the amendments in the respective sections," then revision is of little importance in respect to the final findings.

Mr. ILSLEY: That is what it is for.

Mr. KNOWLES: It would be just a collection of office consolidations.

Mr. DIEFENBAKER: As the hon. member for Winnipeg North Centre says, it would simply be a collection of office consolidations of which there is one for practically every important statute. When you come to the revision of the criminal code, to which the minister has made reference, that is quite another thing. That will require unusual experience and knowledge of criminal law and practice, and also of the changes that have taken place in sociology and psychology and medicine and preventive jurisprudence since 1892.

For instance, there is the question of the responsibility for criminal acts. The law today is that a child under seven years of age has no capacity to perform a criminal act; between the ages of seven and fourteen years the capacity is not presumed but must be established affirmatively by the crown. When those rules were made a hundred and fifty or two hundred years ago, physical age and mental

age were synonymous. We realize today that a person with a physical age of eighteen years may have a mental age of only eight years; but regardless of that fact the presumption still prevails that because of his physical age he in fact has the mental age to understand and appreciate the nature and quality of his acts. These are things in respect to which the criminal code should be brought up to date.

As the minister said yesterday, the insanity rules date back to 1842, I think it is—over a hundred years, in any event—to the Macnaughton case. There has been no change since. Many have felt from time to time that changes should be made in the law of insanity with a view to bringing it in accordance with modern scientific knowledge. It is of interest in that connection to note that in England a committee of parliament was set up which took evidence from judges, eminent counsel trained in the law and medical authorities. After hearing all that evidence, and with the experience of a hundred years behind them, the decision made in England was that the law as set out in the Macnaughton case with regard to insanity, should not be altered and is in keeping with the present day. That is an example of the matters that should be considered in a revision of the criminal code.

The minister mentioned the question of punishment. Today we ameliorate or increase punishment more or less in a haphazard and uncertain way. From year to year we follow a system of selective uncertainty. When this commission is set up, and if it is actually to discharge any serious responsibility, I should like to have it make recommendations for the revision of the criminal code so that it will become an instrument for justice rather than, so far as certain sections are concerned, being conducive to unfairness by reason of changing conditions and changing knowledge, scientific and otherwise.

Will the minister give consideration to widening—I do not know whether he can answer now—the scope of the commission to be set up? The commission cannot legislate, because that is the responsibility of parliament. Surely the commission, if it is to be composed of seven outstanding members of the bench and bar of the dominion, should have a responsibility greater than a clerical one. It should be a responsibility which would utilize their knowledge and experience, which would help parliament by making recommendations to the Department of Justice, and in general revise these statutes and bring them up to date.

There are statutes which have no place at all in our present system. They have been obsolete for a number of years, but still appear in the revised statutes. I think a recommendation might well be made for their removal.

Mr. HACKETT: When I was in the Department of Justice there was a large file which not infrequently occupied the attention of the then deputy minister, Mr. Newcombe. He had a man in the department who, while I will not say he worked constantly, certainly worked frequently on revision. This was a work which grew over the years. I believe the important part of revision was done in and about the office of the Minister of Justice and the office of the supreme court. There was a Mr. E. R. Cameron, an indefatigable worker, and according to the article in the *Canadian Bar Review* I believe he succeeded Mr. Newcombe as one of the commissioners, when Mr. Newcombe became a judge of the supreme court.

Does the minister know whether the deputy minister has been able to devote some time to an anticipated revision, and whether in fact the actual back-breaking work of the revision must not be done by his department and his officials? The minister will recall that Mr. O'Connor did a good deal of work in anticipation of the last revision, and I believe his work was turned to account. To the minister's knowledge has some work been done in the department?

Mr. ILSLEY: I am unable to say, but I would doubt it. I shall find out however, and give the information tomorrow. The Department of Justice has been so very busy, drafting new statutes of every kind, sort and description, especially throughout the war years, in an effort to see that they did not get everyone into trouble—

Mr. KNOWLES: Including the government.

Mr. ILSLEY: Yes, including the government—that possibly they have not made any collection of ideas for future amendments. I suggest to the hon. member for Lake Centre that it would be pretty difficult to get a commission to revise in any effective and competent way a large number of miscellaneous statutes.

For example, if we are convinced that the Immigration Act ought to be amended in certain respects, what competency would a revising commission have to give us new ideas upon which that act should be based? They must emanate from the Department of Mines and Resources, go to the cabinet, be considered there, and come out from there. Then someone will ask why I take a different view with regard to the criminal code. Well, the criminal code is just too great, that is all. It is too

extensive for us to get anywhere by using that method. These changes in the principles and important provisions of statutes are not in my opinion the sort of thing which should emanate from a commission of five or seven men.

The DEPUTY CHAIRMAN: Shall the resolution carry?

Mr. DIEFENBAKER (speaking from a seat beside the Minister of National Health and Welfare): I should like to ask the minister one question.

Mr. KNOWLES: What is the portfolio?

Mr. HACKETT: Another competitor for the leadership.

Mr. DIEFENBAKER: This is just an anticipatory step. It will not be long before all of us are over here.

Does the answer the minister has just given apply to recommendations as well?

Mr. ILSLEY: I shall give consideration to that suggestion, but we are not going to the lengths which apparently the hon. member thinks we should go.

Resolution reported, read the second time and concurred in. Mr. Ilsley thereupon moved for leave to introduce Bill No. 348, respecting the Revised Statutes of Canada.

Motion agreed to and bill read the first time.

VETERANS INSURANCE ACT

AMENDMENTS WITH RESPECT TO ELIGIBILITY

The house in committee on Bill No. 60, to amend the Veterans Insurance Act—Mr. Gregg—Mr. Golding in the chair.

On section 1—Persons eligible for insurance.

Mr. KNOWLES: Before we proceed, could the minister say whether copies of this bill as amended, and others to follow, are available?

Hon. MILTON F. GREGG (Minister of Veterans Affairs): If the committee desires, I shall outline the amendments made to the bill.

Subsection 1 of section 3 of the act sets out the various classes with whom the minister may enter into a contract of insurance and the time within which the persons must apply for a contract of insurance.

It is now proposed to add to those classes and, at the same time, extend the period within which a person eligible to obtain insurance must apply therefor.

Accordingly, subsection 1 of section 3 is being repealed and a new subsection for the purpose above mentioned is being put forward.

[Mr. Ilsley.]

Paragraph (a) of the said subsection extends the time of three years in which a veteran must apply, to six years from the date of his discharge from service or six years from the 20th day of February, 1945, which was the date upon which, by proclamation, the Veterans Insurance Act came into force.

Paragraph (b) merely re-enacts the present paragraph (b) of the act.

Paragraph (c) enables the widow or widower of a person who died on service during the war to apply for insurance within six years after the death of that person or within six years after the coming into force of the act.

Paragraph (d) enables members of the permanent force to take advantage of the act. This paragraph puts into statutory form the provisions of order in council, P.C. 467, of the 7th February, 1947, by which the benefits of the act were extended to members of the permanent force. The time within which these members of the permanent force may apply for insurance is six years from the 1st of April, 1946, that being the date on which they first became entitled by virtue of the above-mentioned order in council to apply for insurance.

Paragraph (e). Those merchant seamen who received or who were entitled to receive a bonus pursuant to the merchant seamen special bonus orders are now, by virtue of order in council, P.C. 3227, of the 3rd of May, 1945, entitled to apply for insurance. This class is now being given those rights by statute, and, in addition, the benefits of the act are extended to those merchant seamen who received or who were eligible to receive a war service bonus pursuant to the merchant seamen war service bonus order of 1944.

Paragraph (f). As the act presently stands, any person who is in receipt of a pension relating to the war may apply for a contract of insurance. It has been found that the wording of the act is sufficiently broad to allow parents or persons *in loco parentis* of the deceased member of the forces to apply. It was never intended that dependents of the deceased member of the forces, other than his widow, would be entitled to insurance. That condition is now cured by confining "pensioners" to those who obtain their pension by reason of their own disability. Widows of persons who died during service will obtain their rights under proposed paragraph (c). It may be noted that some parents and others *in loco parentis* have already been issued policies and that although this subsection is, by clause 3 of the bill, made retroactive to the 1st of April, 1947, paragraph (f) is exempted from this retroactive effect, and the policies that

have been issued to those persons are protected from being invalidated.

Section agreed to.

Sections 2 and 3 agreed to.

Bill reported, read the third time and passed.

WAR VETERANS ALLOWANCES

PROVISION FOR NEGLECTED OR DEPENDENT CHILDREN, INCREASED PERMISSIBLE INCOMES, ET CETERA

Hon. MILTON F. GREGG (Minister of Veterans Affairs) moved that the house go into committee on Bill No. 196, to amend the War Veterans Allowance Act.

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

On section 1—"Orphan".

Mr. WHITE (Hastings-Peterborough): We have not had any opportunity to go over the bill to see whether the amendments approved by the committee have been incorporated in the bill. If the chairman does not mind my jumping ahead a few sections, I am principally interested in section 6, which provides for the increase to $250. Has that been carried throughout the bill?

Mr. GREGG: The bill now before us is based upon the recommendations made by the special committee on veterans affairs. It is exactly as reported to the house by that committee.

Mr. WHITE (Hastings-Peterborough): I do not know whether the minister wishes me to make my remarks on this first clause or on the sections in which we are interested as we reach them. My remarks will apply principally to clause 6.

Mr. GREGG: Perhaps we could have any discussion on the section to which it applies.

Mr. LENNARD: I have a few remarks to make which are not particularly applicable to any section. I refer to the brief which was presented by the British Canadian veterans on May 10. As many hon. members know, on May 6, 1946, they presented a brief to the veterans affairs committee of that year. The brief which was presented to the veterans affairs committee on May 10 of this year was one of the most complete and fairest briefs presented to the committee. It was presented by Stephen Jones, Toronto, supported by George MacKay of Hamilton. All that they asked for was entitlement for those British Canadian veterans who served in an actual theatre of war and who had twenty years of continuous residence in Canada. They pointed out that the British Canadian veterans who had resided continuously in Canada for twenty years after the first great war had been paying taxes. They had raised their families. They had contributed to the federal treasury from which all federal expenditures, including war veterans pensions, are paid. Their sons and daughters had served in the second great war and were prepared to serve again. To all intents and purposes they should be on an equal footing with the Canadian-born veteran. I believe that myself, and I am disappointed that the recommendation was not passed in the veterans affairs committee. I may say I had the privilege of moving the following resolution which was defeated:

> That the committee recommend that the appropriate section of the act be amended to allow that the benefits of the War Veterans Allowance Act be extended to veterans who served with the imperial forces in an actual theatre of war other than the British isles, and who had no pre-war domicile, but whose period of continuous residence in Canada has reached twenty years.

I felt on several occasions that this resolution would meet with the unanimous approval of the committee, but we found that it was voted down. As I say, I was disappointed, because the number of British Canadian veterans who would be involved was such that we could very well have adopted this resolution. I consider that an injustice has been done to those veterans of the first great war. It is true that they were not promised anything. They were not enticed to this country with any promise of that kind. Because of their continuous residence in Canada and their good citizenship, they are most certainly entitled to these benefits.

Another matter that should have received some consideration is contained in a brief presented by Canadian non-pensioned veterans' widows. Some of their points were well taken. This was fully covered by the committee, and I do not intend to deal with it section by section. I merely mention that it should have received more consideration. Probably I shall have more to say when we deal with the various sections of the bill.

Mr. QUELCH: I find myself in general accord with the remarks of the last speaker. The bill that we have before us is undoubtedly a better bill than the one which went to the committee, just as that bill made certain improvements upon the war veterans allowance as it exists today.

When the pensions bill came back to the house I congratulated the minister upon the

changes that had been made, and at that time I expressed the hope that we would be able to deal as generously with the war veterans allowance bill as we had with that bill. However I am afraid that the present bill falls far short of the requests made by the various veterans organizations of this country. The bill as amended provides an increase in the allowance from $30 to $40 a month for single veterans, and from $60 to $70 for married veterans. In addition, it removes the ceiling upon casual earnings. That is all to the good. But, as I say, it falls far short of the requests that have been made by the various veterans organizations. For instance, at the last convention of the legion a resolution was passed as follows:

Resolved that we instruct our dominion command to continue to press for basic rates of $50 per month for single men and $85 per month for married men.

When that question was being discussed in the committee—as a matter of fact, the matter had already been discussed and decided upon in the committee when the legion met in convention, and therefore we could not deal with it again—a motion similar to it was moved and lost by a very narrow margin. As a matter of fact, it was a tie, fifteen to fifteen, and the chairman cast the deciding vote. He had the very unpleasant task of having to decide the vote. It was decided strictly on party lines, the opposition all voting for the amendment and the Liberal members all voting against it. It is quite obvious that the rate proposed in the bill will not be a sufficient amount to give the veterans depending upon this allowance a real living income. They can get by and will be able to exist. No doubt the government will argue that they are existing today on the present rate and will continue to exist on this increased rate. The point is that, with the increased cost of living, the amount proposed is not sufficient to give them a real decent living allowance.

The second point raised by the legion resolutions passed at the convention reads as follows:

Resolved that the brief of the Canadian Legion be fully endorsed to the effect that veterans of imperial forces, domiciled in Canada for twenty years, be eligible for war veterans allowance.

This is another matter that was discussed in the veterans committee. Again that resolution was lost in the committee by a very narrow margin. It was voted down, thirteen to ten.

Mr. MacNICOL: Did I understand the hon. member to say it was defeated?

[Mr. Quelch.]

Mr. QUELCH: Yes, it was defeated in the veterans committee, thirteen to ten. Again it was on a straight party vote, the opposition all supporting the proposal and the Liberal members voting against it. It is well to remember that the men mentioned in the resolution had all served in the first war in the British forces and not in the Canadian forces. Some of these men had been domiciled in Canada prior to enlistment; but, owing to the fact that they had gone back to the old country, probably a few months or a year before the start of the war, they were not considered to be domiciled in this country, and therefore were not eligible for the allowance as they would have been had they been domiciled in Canada at the time of enlistment. Nevertheless these men have now been domiciled in Canada for twenty years. They have been paying taxes in this country; they have helped to contribute to the wealth of the country; they have raised families and in many cases their sons and daughters served in the second world war. There is a very strong sentiment in Canada today that these men should now be made eligible for the war veterans allowance.

The third point that was dealt with in the legion brief is as follows:

World war I veterans with service in Great Britain.

Resolved that the benefits of the War Veterans Allowance Act be extended to Canadian veterans who served in Great Britain only for a period of eighteen months or more during world war I.

This resolution was also brought before the veterans committee, and again it was lost by a very narrow margin. The vote on the resolution was thirteen against and twelve for. Again it was decided on a straight party vote, the opposition all voting for the resolution and the Liberal members voting against it, with the exception of one. One Liberal voted for the motion.

I believe that in the past the legion have taken a stand against England being considered a theatre of war, but at this convention at any rate they did urge that veterans who had served in England for at least eighteen months should be eligible for the war veterans allowance. Of course, if these three resolutions had carried in the committee we would have had a far stronger talking point in urging the government to give consideration to this matter.

The minister realizes only too well that it was a toss-up whether these resolutions carried in the committee or not. The margin was so narrow in one case, while there was a tie in

another, that it was just a question whether it carried. It was lost by one vote on one occasion and by three on another, and if a few more of the opposition members had been present the decision might have been reversed. In view of the fact that there is such a strong demand in Canada that each of these resolutions shall be adopted, and a strong demand, not merely on the part of veterans organizations but among various civilian bodies in the country, I would urge the minister to take the matter up with the cabinet and try to have the whole subject reconsidered, so that the amount of the allowance for single veterans may be increased to $50 and for married veterans to $85. Further, I suggest that England be considered an actual theatre of war and that imperials who have resided in Canada for twenty years or more be eligible for war veterans allowance.

Mr. PEARKES: I associate myself with those who have spoken, and I express regret, almost resentment, that the allowances have not been extended to meet the suggestions advanced by the Canadian Legion, both as regards the amount of the allowance and also as regards the extension of the provisions to include imperials who have had long residence in Canada, and those Canadian soldiers who served only in Great Britain during world war I. They served only in Great Britain, but that was no fault of theirs. It was due to the exigencies of the service or to the demand for their particular talent in training other men.

I have already spoken during this session on both these classes of veterans. I will not now repeat the remarks I have made previously, but I wish to bring to the attention of the committee one striking fact to illustrate the irony of the regulations which prohibit a soldier of world war I who served only in Great Britain from drawing these allowances. The allowances are available to any soldier of world war I who served on the continent of Europe up to the date of the conclusion of hostilities at that time. I remind the committee that the armistice was signed on the eleventh day of November 1918, but the war was not declared over until August 1920. Therefore a man might have left Canada after the signing of the armistice, and after a short period of training in Great Britain he might have been sent over to reinforce one of the battalions forming the army of occupation, being billeted in a comfortable house on the banks of the Rhine, suffering no hardship at all and returning at the conclusion of peace when the army of occupation returned to England. That man is eligible for all the considerations and the benefits of this act.

Similarly a man who went over to Great Britain, who did not see any fighting at all, who did not move to the continent of Europe until after the armistice, might have been attached then to some of the labour battalions connected with the imperial war graves commission. That man is also eligible for these benefits.

But the soldier who went over in 1914, who was exposed to the hardship of Salisbury plain, whose health perhaps was ruined, and who remained in Great Britain training other men for many years, perhaps right up to the conclusion of hostilities, separated from his family all that time, is not eligible for the benefits provided.

That is so ironical it is well worth further consideration. I hope the minister will bear these facts in mind and remember that this legislation is never finished. It is like history, unfinished business. I hope that when, between now and next session, he reviews this legislation with a view to bringing down further amendments he will realize that the granting of adequate allowances, the granting of allowances at all to imperials, and to the men of world war I in the Canadian forces who remained only in Great Britain for a period of over eighteen months, is still a matter of unfinished business.

Mr. KNOWLES: May I say once again that those of us who are not veterans are grateful for the hard work which the veteran members of the special committee have done on behalf of their comrades. I think it is also true to say that in the house and generally throughout the country there will be disappointment that more was not accomplished.

I support the suggestion made by the hon. member for Nanaimo that this is unfinished business, and I hope that the government will continue to consider the points raised by those who have spoken thus far this afternoon.

In the first place—and I think this is the view of the citizens of Canada generally—we feel that something better than $40 a month should be done for those whom we know as burnt-out pensioners. There is on the part of Canadians generally a great deal of sympathy for these old soldiers who have become known as burnt-out pensioners, and in the light of today's cost of living, $40 a month is not good enough.

I am sorry that, although the committee did make a change, as I read the reprinted bill, incorporating the extra $10 as part of the allowance itself rather than as a supplementary allowance, the value of that has been somewhat lost by the reduction of the amount of other allowable income from $250 to $125.

I know there is now no ceiling on what is called casual income, but I think that is likely

to create difficulties. I remind the government that a similar situation in connection with another piece of legislation developed back in 1943. In that year the government increased the amount of the old age pension by $60, but at the same time it reduced by the sum of $60 the amount of other income which the old age pensioner could earn. Some of us pointed out at the time that this was an anomalous situation which should not be allowed to continue, and it was only a matter of months until the government found that they had to restore the $125 figure which stood in the legislation at that time. I have the feeling that the government will again come to the realization that they should not have contracted this amount of other income which the pensioner may have.

I also strongly support the suggestion, which has been made a good many times from the floor of this house, that the imperial soldier should be included under this legislation. I also urge continued consideration—and I hope it will get somewhere—of this matter of England and world war I. England is not yet considered in this bill to have been a theatre of war. I need not repeat examples of the anomalous situation that this has produced, but I should like to say one word in this connection on behalf of the widows of non-pensioned veterans who are covered under this same legislation. It is tough on the old soldier himself to be in the position referred to by the hon. member for Nanaimo, when he served in England during world war I and was prepared to go to the continent but did not get there, to find that he does not qualify for the burnt-out pension. But it seems even tougher on the widow of a non-pensioned veteran who has passed on, to discover that she is denied this small widows' allowance because her husband—although he served and was prepared to serve anywhere—did not get to the continent during world war I. I would say there is fairly general disappointment that these changes were not made.

Speaking for myself and knowing something of the attitude of other hon. members and of people outside the house, I think I should say there is appreciation of the attitude which the Minister of Veterans Affairs has taken toward the work of his department and also appreciation of the attitude he has shown toward the desires of the members of the committee. In fact this has been a highly significant session of parliament in that regard. I cannot recall another occasion when so many changes in legislation have been made in committee as have been made this time. It is because the minister has paid attention and given consideration to the wishes of the members of the committee that here today we are voicing these sentiments again. We hope that he will treat these matters as unfinished business, that he will continue to give them earnest and sympathetic consideration, and that it will not be long until we shall have a further amendment of this act providing $50 a month as the basic burnt-out pension; restoring the amount of other income that can be earned to the figure at which it stood before; bringing in the imperials, and treating England as a theatre of war in world war I. If this can be done, it will mean a great deal to the burnt-out pensioners covered by this act and also to the widows of non-pensioned veterans.

Mr. MacNICOL: All those who were present on Saturday last at the opening of Sunnybrook hospital in the city of Toronto, and who later in the day had the pleasure of attending the dinner in the Royal York hotel, were pleased at the great applause given to the minister when his name was called and he was asked to stand up on each occasion. It showed the appreciation of the soldier city of Toronto for what the minister has being trying to do and for what he has done. I myself was highly pleased with the great reception that the minister received there; because when Toronto is satisfied it gives a good reception.

I want to add just a few words to what has already been said. I agree with all that was said by the hon. member for Wentworth, the hon. member for Nanaimo, the hon. member for Acadia and the hon. member for Winnipeg North Centre. These hon. members demonstrated, as they have on many previous occasions, their sympathy for the soldiers and their dependents. I have the great honour of representing a part of the city of Toronto in which is located the section known as Earlscourt which, in the first great war, enlisted almost to a man and filled up the Princess Patricia's battalion, of which I had the honour to be patron. In the second great war the men in that section enlisted by the thousands. Other sections of Toronto and elsewhere perhaps in Canada did as well; but I can say that no part of Canada did any better and few parts equalled the voluntary enlistments in that area.

A few days ago a case came to my attention —and they are coming in all the time—about which I believe I have written to the department. It was that of a widow of the class mentioned by the hon. member for Winnipeg North Centre. Her husband served in the first great war; but because the officers who were around England apparently took a great

fancy to the services he could render to them, they did not allow him to go to France. They kept him in England. He was there for four years. He died some time ago; I have just forgotten the date. His widow has been appealing to me to see if she could not receive some consideration. Because her husband did not serve in France during the war, she gets mighty little return for his four years' service in England. Therefore I agree with all that has been said by the other hon. members. Surely the time has come when those who served in England and were kept there against their will —because this particular man did his best to get over to France, as I know many others did—should receive consideration, and when England should be considered as having been a theatre of war in the first great war. I support what was said by the previous speakers in that regard.

I now wish to refer to the imperials. I remember very well that, in the part of the city in which I live, prior to the great war all sorts of rifle companies were in existence. These people nearly all came from the old country. Nearly every family I knew came from there. They formed rifle battalions and practised shooting, and one military exercise and another in that part of the city. Anticipating the storm that was approaching at that time, quite a number of them went to the old country immediately before war was declared and enlisted in regiments in Great Britain. I have in mind two brothers. One of them rushed over to Britain in order to be ready to defend his homeland. The other, who was not able to go from Canada at that time, later went over after the war was declared and fought in the great war. After the war was over, the one who, preceding the opening of the war, had gone to Britain, served faithfully over there, and was badly wounded, came back to Canada again because he liked Canada. His British pension is not one, two, three with that of his brother who served in the Canadian forces.

I endorse everything that was said by previous speakers. Surely to goodness the time has come to consider the imperial veterans of that class and, in addition, the imperial veterans who came out and lived here for twenty years. I believe the hon. member for Wentworth strongly emphasized the twenty-year limit for imperial veterans, with regard to both pension and war veterans allowance. I cannot add anything to what he and others have said in that regard, but I strongly endorse what they have said. These men served in the defence of the empire and of Canada in the first war, and surely they should receive some recognition. It is not their fault that the dear old mother country has been so drained of resources, both at home and abroad, that she is on her back today. It is not their fault that the homeland cannot give them the same recompense as is given to their brothers who were here in Canada.

I for one have every confidence that, now the minister has started on his way, he will consider the representations which have been made today by those whose knowledge of this matter is much greater than my own. I have taken very little part in discussions of this kind, and I do so now mostly because of the thousands and thousands of old country people who live in my part of the city of Toronto. A great majority of them served in the first war, and in many cases their sons and daughters served in the last war.

I am happy that consideration is being given to the widows of soldiers who served in England. Many of those widows were without pensions for a long time. As the minister knows, I was the first one in the house to bring up the question of non-pensioned widows' pensions. I was always supported by the hon. member for Winnipeg North Centre after he came to the house. I spoke the strongest words at my command on their behalf. I have seen so many of them die without recognition and without receiving what they should have received.

I trust that the minister will take into his warm consideration, not only the claims of the imperial veterans and of those who served in England but did not get to France, but also of the widows of those who did serve.

Mr. LOCKHART: I wish to say just a word, because I do not want to repeat what has been said previously. I did not have the privilege of sitting on this committee, but I do want to express regret that certain phases of this matter were not treated favourably. In my own area there is a very active organization of British Canadian veterans. I have listened to the presentations made by different hon. members, especially the hon. member for Nanaimo, and I in turn could cite dozens of cases where inconsistency has occurred, apparently because of the attitude of certain members of the veterans committee.

I am rather confused in trying to understand why the members of the committee split on party lines. It seems to me that the interests of these men and the widows of these men who served so valiantly should be above that. There appears to be a feeling among British Canadian veterans, among the widows of those who served in different branches of the services, among those who have not received recognition, that there is still some faint hope; that a new outlook is possible with the advent of the new minister.

The members of the veterans committee did noble work in trying to advance legislation that would be more in the interests of our veterans and their widows. I want to say to the minister that in the short time he has served he has gained the confidence, not only of those who have been favourably dealt with but of those who are somewhat disappointed. But, as has been said, this is a continuing work. I believe I am only reflecting the views of many in my part of Canada when I say I feel that this matter will not die simply because a particular cross-section of this house which was serving on the veterans committee decided to split on the lines which have been indicated by the hon. member for Acadia. Perhaps the minister will find ways of correcting these inconsistencies in connection with those who served equally as well as those who are being favourably treated by the terms of this bill. I want to impress upon the minister the need for continuing this work, so that there will be no inconsistencies in the administration of veterans affairs.

Mr. HERRIDGE: As a member of the veterans affairs committee, I first wish to indicate the keen enjoyment I have had in working on that committee. I think I speak for all the members of the committee when I express my appreciation of the way in which the chairman of the war veterans allowance board, his officials and the officials of the Department of Veterans Affairs presented evidence, facts, figures and information to the committee. I have rarely sat on a committee where information has been given more clearly and more fully. Anything the committee asked for concerning any aspect of veterans affairs was presented without question and in an understandable form.

I do not want to take up time this afternoon by speaking at length, but I should like to support what previous speakers have said with regard to disappointment in connection with certain aspects of this bill. I think the major disappointment as far as veterans' organizations are concerned is in connection with the treatment given to their suggested amendments. I am sure that the $40 a month which was decided upon was far short of what the veterans' organizations of this country expected, and hoped for and desired.

A couple of weeks ago I had an opportunity of attending the dominion convention of the Canadian Legion at Saskatoon. Many matters of great interest to the delegates and to the Canadian people were brought up before that large gathering of nearly one thousand delegates. I think the matter of greatest interest to the delegates at that convention was that of securing $50 a month for those who are entitled to war veterans allowance. That was evidenced by the special concern about the matter, and by the sending of telegrams to the minister and the chairman of the committee on veterans affairs, urging reconsideration of the committee's former decisions.

I am sure the attitude of the legion and other veterans' organizations has the support of a large number of people in this country. I am sure, too, that the majority of the Canadian people wish to make certain that aging veterans have at least sufficient to get along in a very modest way. I am sure no one would suggest that $40 a month is sufficient under present living costs and conditions.

These men form a particular group. In many instances they have suffered pre-aging and war disabilities. Owing to developments within our industrial structure, it is much more difficult for them to obtain additional employment than it was twenty years ago. I will admit that in the smaller places many of these men can supplement their income to a limited extent, but in the larger centres it is becoming increasingly difficult to do this from day to day.

Therefore I again support the remarks of hon. members who have expressed their disappointment concerning the decision to grant only $40 a month to those entitled to war veterans allowance.

Then, there is a group of imperials who have resided in this country for twenty years but who served with the British forces. In so doing, they were indirectly defending Canada. They have come to this country and spent many years of their lives here. Now many of them are in a position where they require assistance. I am quite sure that here, again, not only the veterans' organizations but the vast majority of the Canadian people would wish to see them given entitlement to war veterans allowance.

There is also the group of Canadians who served only in England. As was mentioned by a previous speaker, prior to the recent convention the legion had not taken a stand on this matter. It is now the considered opinion of the legion, as a result of comradeship and a fellow feeling for those in distress, that those who saw service in England should be brought under the War Veterans Allowance Act, and the legion has so urged upon the government and the committee.

We have to look at this question from all points of view. We must have a sense of responsibility and consider the financial aspects of the matter. But when one con-

siders the sum mentioned as being necessary to increase veterans allowances to $50 a month, to give allowances to imperials who have lived in Canada for twenty years and to give veterans allowances to Canadians who served in England, he realizes that it is not beyond the easy capacity of the Canadian people to pay. I am sure these payments would receive the endorsation of Canadians as a whole.

In that respect my principal argument would be that the defence of Canada is a national responsibility. Therefore I, in common with many other members of the committee, maintain that those who suffered disabilities of war are entitled to be cared for by the nation. Their care is a national responsibility. While this bill is a great improvement on the one presented to the committee, and while the recommendations have been accepted in several respects, I suggest that the minister and the government should give further consideration to increasing the allowance to $50 a month, giving veterans allowances to imperials resident in Canada for twenty years, and to Canadians who served in England, in view of the fact that many people maintain—and, I believe, rightly so—that the care of those who suffered by war is a national responsibility.

Mr. MOORE: I do not intend to take up much time of the committee, but perhaps as a member of the committee on veterans affairs I should congratulate the minister upon the fine spirit he has shown in dealing with veterans problems.

I regret, however, that the committee found it difficult to obtain changes in the War Veterans Allowance Act. It was noticeable that the government accepted the changes suggested by the committee so far as the Pension Act is concerned, but it was not quite so ready to accept changes with respect to the War Veterans Allowance Act.

I do not wish to cover any of the ground already covered; but, because of the large amount of correspondence received in the past year, I would say that the recommendation of the committee that England be considered a theatre of war in the first world war, within the meaning of the act, should be reconsidered by the government.

Another matter which should be brought to the attention of the government is that of applications for war veterans allowance by soldiers of the Canadian army who saw service only in Canada. I happen to have a number of applications from men who served for at least two years in Canada and who are now in necessitous circumstances. Because benefits under this act can be granted only for service performed in a theatre of actual war, they cannot be included. Something should be done to relieve the circumstances under which most of these people are now forced to live. The high cost of living has had a great deal to do with the applications now coming in for increased benefits under veterans legislation.

Mr. LENNARD: There is one situation I should like to describe on the record, because to my mind it is stupid. It seems odd that two departments of the same government cannot agree as to whether a man is or is not employable. Under the regulations which apply with respect to the War Veterans Allowance Act, a man must be permanently unemployable before he can qualify for the allowance. The unemployment insurance commission say that a man must be available and able to work before benefits under their scheme are payable. Yet a man who can qualify for war veterans allowance must expend his unemployment insurance benefits or credits first.

How can a man who is permanently unemployable be available for work? If a man qualifies for a war veterans allowance, why cannot his unemployment insurance benefits or credits be disregarded, so that he can be paid his war veterans allowance from the day he qualifies? The position of an individual could be indicated on paper. This would save a man a good deal of running around and standing in line at employment offices, when it is a foregone conclusion he will not be employed anyway.

I wanted to put that statement on record, so that the department could straighten the matter out in the next year, and thereby prevent this stupid arrangement from continuing.

Mr. SKEY: While the department is considering the matters mentioned by the hon. member for Wentworth, I suggest that it might consider the domicile clause in the Pension Act and gratuities and rehabilitation benefits. I know the minister and his deputy are aware of the situation. It seems to me wrong that we should consider a man eligible for rehabilitation in Canada and for all these benefits, and then if he has lost a leg or an arm in war, permit the domicile clause, which is different from that in the rehabilitation measure, to take away from him pension benefits to which he would be justly entitled.

Section agreed to.

Section 2 agreed to.

On section 3—Maximum allowance in certain cases.

Mr. WHITE (Hastings-Peterborough): This is the main section of the bill, and provides for

a small increase in the veterans allowance. I do not want to rehash all the matters that came before the committee or what has been said this afternoon, but I would read to the minister from the report of the veterans affairs committee, where at page 661 I find this:

Mr. White: This comes back to the argument I raised the other day. It really means that the veteran who is getting both the veterans allowance and earning the full amount is not going to benefit in any way by this increase.

The Chairman: Correct.

Mr. White: Even if you carry Mr. Harris' motion, it will still mean exactly that.

The Chairman: That is correct. The only difference is it does remove it from the questionable category of a supplementary grant, and raises to $485 his maximum receipts. Are you ready for the question, then?

So this really means that the veteran who, under the old act, was getting $365 a year if single, and double that if married, and earning the full amount available, will not benefit in any way under the amendment which the minister now proposes. Does the minister disagree with me?

Secondly, with the amount restricted to $365, plus whatever the veteran's casual earnings may be, I fear that the amendment will have a tendency in some cases to make the veteran who is able to work and earn something decide that he will simply not earn that extra money if his allowance is to be cut down to the maximum of $485. I would have thought the minister would leave the earnings at $250 for a single man and $365 for a married man or a widower with children. It was pointed out in the committee that a large number of widows will benefit by the act, and I am very glad that they will receive the benefit of the act. On the other hand a large number of veterans who are receiving the allowance today will not benefit in any way from the amendment which the minister now proposes. I would suggest to the minister that, even at this late date, he consider amending this section to provide that the earnings shall be increased to at least $250 since, if the amount is left at $125, many veterans will not benefit in any way, because they will refuse to earn extra money if their allowance is to be cut.

The minister and his department and the government must have taken some notice of the storm of protest at the legion convention a few weeks ago. The legion requested a further hearing by the committee, which was granted, and I should like to read one paragraph from the supplementary brief presented by the legion and dealing with this increase. It will be found at page 2:

The dominion council is greatly concerned about an increasing number of veterans who are finding it impossible to secure any employment and must subsist solely on the allowance. Certainly in these days, the allowances provided by the bill under consideration are quite inadequate for food and shelter alone.

I would impress on the minister those last few words, "are quite inadequate for food and shelter alone." No member of this house would say that the request of the legion that the basic rate for single men and widows be $50, and $85 for married men and widowers with children, is unreasonable. As I said, I ask the minister, even at this late stage, to reconsider and recommend to the cabinet, first, that the veteran be allowed to have larger earnings, and second, that the recommendation in the legion brief be implemented.

Mr. GREGG: I do not propose this afternoon to refer to all the things that have been said, because most of these questions were fully discussed in the veterans affairs committee. I want to say, first of all, that I and the officials of my department realize fully that these matters affecting veterans are unfinished business and will remain unfinished business long after the end of this session, even if Canada should not take part in any more wars.

The discussion this afternoon has ranged about two items connected with the bill. One is the amount of the increase. The other is eligibility: the eligibility of those who served in Britain only in the first war; and secondly, the eligibility of the British Canadian veterans who came to Canada after the old war and resided in Canada for many years but who was not resident in Canada prior to his service in 1914. The arguments on that have been discussed here and elsewhere. I am not going to say that the increase we have provided in the bill is such as any member of the veterans affairs committee or any member of this house would like to see, but I would point out that since 1930 the War Veterans Allowance Act has been twice improved in that respect. It was $20 in 1930 and stands at $40 today for the single man, and $70 for the married man. The government felt, in a year when the pensions bill had been increased, the first increase since 1926, that the committee had incorporated in this bill a reasonable increase which is looked upon as a permanent increase. We are now at a peak time as to both cost of living and employment. It is true, as has been stated this afternoon, that the older veterans cannot all get work; nevertheless a surprisingly large proportion of them are working, a great many of them full-time and many of them part-time. They are anxious to work, and I doubt whether many of them will give up useful and interesting works just to keep themselves within the terms

of the amount which will be applicable to them under these amendments.

We should also bear in mind that there must be some equitable relationship between the benefits under this act and the benefits granted to those old people who did not serve Canada in uniform in the early days of their lives. As it is now, leaving out of consideration for the moment a very special factor, the terms of this act by and large—I am not going to argue the details this afternoon—are as good as those of any old age pension scheme in any province of Canada. But the special factor which I mentioned is that under this bill the old soldier at the age of sixty, if he comes within its terms, automatically gets war veterans allowance at the age of sixty rather than at the age of seventy, as is the case with old age pensions.

On the point of eligibility of members of the Canadian forces who served only in England during the first war, I think it is evident from the discussion here this afternoon that, if at this time they were made eligible under this bill, right behind it comes the next point: What about those who served only in Canada for four or five years in the first war? Side by side with that comes another point: What about the second war and those who served only in Canada? You have those questions raised right there. It is but dodging the issue to say these are not so vocal. I think, before that bridge is crossed, some decision must be reached. I think, too, the generation of veterans who are still young, and who served only in Canada, in the second war, might give some consideration to looking forward in years to come to an equitable protection through the normal social security measures within our country.

On the third point I state right now that I should like to consider all the factors which have been submitted in the discussion this afternoon and to keep it under consideration for the future.

Mr. PEARKES: The minister is drawing a red herring across the trail by talking about considering those men who served only in Canada during the first war. That point has never been raised at all.

Mr. GREGG: It was raised this afternoon.

Mr. PEARKES: It has not been raised in the house.

Mr. MUTCH: Yes, this afternoon.

Mr. KNOWLES: I thought I was following the minister very closely, but I did not get what he meant by the third point that he said he was keeping under active consideration.

Mr. GREGG: The third point was with regard to the British Canadians, or, as they have nearly always been called, the imperial veterans who served in the British forces in a theatre of battle in the first great war, and who, since then, have come to Canada and have been here for many years. They will be kept under consideration for the future.

Mr. KNOWLES: There is one other point I should like to have perfectly clear, namely, the ceiling on the combined income allowed to a burnt-out pensioner. I recognize that, at the moment, I am not looking at the fact that casual income is outside the pale. Apart from that, the bill as it went to the committee provided in the case of single veterans for an allowance of $365 and $250 other income, or a total ceiling of $615 a year. The bill as it has come back from the committee provides for an allowance of $485 and other income of $125, or a ceiling of $610. In other words, there has been an actual reduction of $5 a year in the ceiling on allowance and other income. The corresponding figures for a married burnt-out pensioner are as follows: The bill as it went to the committee provided for an allowance of $730, and $375 other income permissible, or a total of $1,105. The bill as we now have it before us provides for an allowance of $850, and other income of $250, or a total of $1,100. The amount involved is small, only $5 a year, but it does seem strange that this reduction should have been made. How it comes about is that the allowance has been increased by $120 a year, and the amount of other income allowed has been reduced by $125 a year. Basically I strongly support the point made by the hon. member for Hastings-Peterborough that the amount of other income should be put back to $250. I remind the government again that that is what they found they had to do with respect to the old age pension question back in 1943 and 1944. But at the moment I should like to have this reduction of $5 clarified.

Mr. GREGG: I am rather averse to going into the intricacies of this. All I can do is to assure the hon. member that the object sought by the committee with regard to that angle of it, at any rate, has been achieved. It will be remembered that in the original draft of the bill the expression used was "supplementary allowance of $10 a month". That then was a separate item. Then, when the parliamentary committee got at it they said, why do you call it a supplementary allowance? There was no reason, because it was intended that it should be permanent, anyway. Therefore it was lifted from there over to another clause. I am assured by the

deputy minister that it conveys the desire of the committee on that score, and that the thing which is desired to be done is being done. The permissible income remains the same.

Mr. KNOWLES: I understand what the committee did, and for the moment I am not arguing as to the facts of the case. I have pointed out that the committee transferred the $120 from what was previously called a supplemental allowance and made it part of the allowance itself. The committee offset that transfer by making a reduction in the permissible income. But when they reduced the permissible income they did not reduce it by the same figure, $120, they reduced it by $125, hence the $5 reduction.

Mr. GREGG: The permissible income remains exactly the same in the first draft and the draft now before the committee.

Mr. BRYCE: I should like to follow up what the hon. member for Nanaimo said regarding the amount of the pension. I hope that the minister will give consideration to the men of the first war who were not allowed to leave Britain. I have a typical case in my own constituency. This man went overseas in the early part of the war, in 1914. He was among the first to go over. He was employed in instructing officers in gas warfare. I am sure that the hon. member remembers those days. That man was not allowed to leave Britain. He is now back home. He has lived in Canada all his life. He is refused a pension because he was not out of Britain. I think the minister will probably admit that this is a deserving case, and there may be more than one.

Mr. WHITE (Hastings-Peterborough): I should like to point out to the minister that in both clauses 3 and 4 these words are used: "Without child or children." Both the single and the plural are used. I take it that this means that a widow or widower, whether he or she has one child or six children would receive the same amount of allowance. The allowance would be exactly the same. Is that correct?

Mr. GREGG: That is correct.

Mr. WHITE (Hastings-Peterborough): If that is correct, does the minister not think a widower with more than one child should have a permissible income of more than $250 a year?

Mr. GREGG: I cannot very well answer the question offhand as to whether I consider it adequate. I do not think the item has been challenged by the committee, and I should like to see it carried as it is.

[Mr. Gregg.]

Mr. WHITE (Hastings-Peterborough): In the Pension Act there is a separate allowance for each child. Apparently the War Veterans Allowance Act does not recognize more than one child. The amount of the allowance is exactly the same. I am not quarrelling with that; but the widower is restricted as to the amount of money that he can earn without reducing his war veterans allowance. Surely a widower with several children should be allowed to earn more than $250 a year without having his veterans allowance reduced. I do not think anybody would question that.

Mr. GREGG: I should like to point out that, compared with pensions, quite a different principle is involved here. In the case of old age pensions, there is no arrangement in any of the provinces for children. This is not intended to be more than some assistance for the veteran who needs it at that particular period of his life, and it is fair to state that there are not a great many who would come under that section owing to their age.

Mr. WHITE (Hastings-Peterborough): That may be true, but you should recognize the liability, because you are providing that a widow with a child shall get double the amount. If you recognize it for one child it is only reasonable to recognize it for the other children.

Mr. TUSTIN: I cannot see why these men should not be allowed to earn a little extra money. Two cases were brought to my attention last week. One man drew the burnt-out pension and he could do some light work. He has two children; his wife has been ill for some time, and he advises me that it is actually impossible for him to get by on the allowance he is receiving, being allowed to earn only $250 in the year. I urge the minister to give further consideration to this provision.

Mr. ROSS (St. Paul's): If a man with a 50 per cent pensionable disability dies of that disability his widow receive $840?

Mr. MUTCH: The question the hon. gentleman asks relates to disability pensions. Under the War Veterans Allowance Act, it is not a question of degree of disability, since it is not strictly a pension in that sense but a living allowance. Therefore the question has no application to this specific act.

Mr. ROSS (St. Paul's): If a man has a disability of 50 per cent or more, his widow will receive the whole $850. I think that is correct. Therefore a deadline is struck at 50 per cent. Why that is done no one seems to know. If a man has a 45 per cent disability which is pensionable, and he dies, the widow receives $485. I do not see why there should be

that difference. My suggestion is that further consideration should be given this point. At the present time $40 a month is about the equivalent of $20 before the war, so that there is no increase. I am making a plea for these women. They are all getting older, especially those from the last war. First of all, the deadline was 80 per cent. If the disability was over 80 per cent the widow automatically got the pension. Gradually that was lowered to 50 per cent. I do not know why that figure was decided upon. The widow whose husband had a 50 per cent disability is in the same category as the widow whose husband's disability was 45 per cent.

Mr. MUTCH: It is now 48 per cent.

Mr. ROSS (St. Paul's): The difference between $850 and $485 is considerable. The amount of the allowance at the present time is only $40 a month, which is no more than the equivalent of $20 a month before the war. As regards both the burnt-out pensioner and the widow, it would be only a small matter for the government to bring the allowance up to $50 a month. The minister has referred to old age pensions, but that has nothing to do with the matter. The widow's husband when overseas suffered a certain degree of disability, and she looked after him. Some consideration should be given her. It would not hurt the dominion if the amount were increased to $50. The amount the veteran is allowed to earn is also ridiculously low when one considers the cost of living. I know of one veteran who can earn a bit more than $250. He is suffering from silicosis and cannot work all the time. He is a stone worker and that is all he gets, so that his income for the year is very small. Something should be done to increase these allowances.

Section agreed to.

Sections 4 and 5 agreed to.

On section 6—Maximum allowance in certain cases.

Mr. LENNARD: A married couple under the Old Age Pensions Act in some provinces can get up to $80 a month, and under this act as revised the maximum is a little over $70 a month. I know what the answer will be: they receive pension at sixty years of age instead of at seventy. But when a war veteran reaches the age of seventy, in order to receive the additional $9 or $10 a month under the present regulations he may not wish to transfer to the old age pension scheme. In many cases I do not think the veteran would wish to do that. I think he would wish to feel that he was getting his pension from the source from which he had earned it, instead of transferring to another source.

Mr. KNIGHT: Paragraph (c) of this section refers to a veteran deserted by his or her spouse. I was thinking of the contrary case where the veteran deserted his spouse and I was wondering about the rights of the wife under those circumstances. Where there is a voluntary separation, established over a number of years, the veteran can claim and receive veterans allowance only as if he were a single man. Is that correct?

Mr. GREGG: In the situation outlined, the allowance would belong to the veteran.

Mr. KNIGHT: The spouse has no claim in the matter?

Mr. GREGG: No.

Mr. KNIGHT: Is it a fact that in the case of an established separation, a voluntary separation, the veteran when he draws the veterans allowance draws only such veterans allowance as is customarily granted to a single man?

Mr. GREGG: That is correct.

Mr. KNIGHT: To follow that up a little further, the man's receiving his allowance as a married man—that is to say, receiving the greater amount—is conditional upon the fact that he is living with his wife.

Mr. GREGG: That is right.

Mr. KNIGHT: If the circumstances are such that he does not live with his wife, and he still has to support her—which is true in many cases—he still can use to support her only the amount of his allowance which he draws as a single man and not as a married man. That is also correct, is it?

Mr. GREGG: For ordinary normal absence, the allowance for the wife would be continued. As in most things, it is a matter of intention. If they are apart and intend to live together, and if everything is in order with regard to their marriage relationship, certainly their allowance will be continued. But if they have broken it up for any reason, then he would be a single man as far as we are concerned.

Section agreed to.

Sections 7 to 9 inclusive agreed to.

Title agreed to.

The DEPUTY CHAIRMAN: Shall I report the bill?

Mr. MUTCH: Just a minute, Mr. Chairman. There are some amendments to be made.

Mr. GREGG: There are one or two amendments from the parliamentary committee.

The DEPUTY CHAIRMAN: Are they new clauses?

Mr. MUTCH: Yes, there are new clauses. I would ask my colleague the Secretary of State to move each one in turn.

Mr. GIBSON (Hamilton West) moved:

To amend section 19, subsections 1 and 2, by changing 365 to 485 when those figures appear.

The DEPUTY CHAIRMAN: Shall this amendment carry?

Mr. KNOWLES: Can we be told the effect of it?

Mr. MUTCH: This is a consequential amendment to bring this section into line with the provision in sections 7, 8 and 11 which substitute $485 for $365.

Amendment agreed to.

Mr. MUTCH: Then there is this second amendment which I will ask the Secretary of State to move.

Mr. GIBSON (Hamilton West) moved:

To delete from part IV of the act paragraph 12 (1).

The DEPUTY CHAIRMAN: Shall that amendment carry?

Mr. MUTCH: During the deliberations of the committee it was pointed out that the regulations at the present time make it impossible for a Canadian who served with the Canadian forces but who, subsequently to his service, had been residing in the United States, to return to Canada and to obtain relief under this legislation until a period of three months had elapsed. Formerly the period was six months, and a former committee reduced that to three months. The committee this year agreed that the necessity for that three months' period had lapsed. That is the purpose of introducing the amendment which we have just had the Secretary of State move. It is bringing into line an overlooked recommendation of the committee to eliminate that waiting period.

Amendment agreed to.

Mr. MUTCH: There is one more amendment which I will ask the Secretary of State to move.

Mr. GIBSON (Hamilton West) moved:

To amend paragraph (d) of section 4 of the act by adding after the word "allies" in line three the words "or powers associated with His Majesty in world war I."

The DEPUTY CHAIRMAN: Shall this amendment carry?

Mr. MUTCH: I should like to offer a word of explanation. It appears that, since the conclusion of world war I, those Canadians who served in the United States forces, or those Americans who were domiciled in Canada but served in the United States forces and then returned and lived in Canada since, are not eligible under this act by virtue of the fact that it has been held that the United States was not an ally in world war I but rather an associated power. A small number of veterans in that category have been denied the benefits of this legislation. This amendment will make it possible for those applications to be granted.

Amendment agreed to.

Bill reported with amendments.

Amendments read the second time and concurred in.

Mr. GREGG moved the third reading of the bill.

Mr. SPEAKER: Is it the pleasure of the house to adopt the motion?

Mr. LENNARD: On division.

Bill read the third time and passed.

VETERANS REHABILITATION ACT

EXTENSION OF ALLOWANCE PROVISIONS

Hon. MILTON F. GREGG (Minister of Veterans Affairs) moved that the house go into committee on Bill No. 200, to amend the Veterans Rehabilitation Act.

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

On section 1—"Dependent" defined.

The DEPUTY CHAIRMAN: Shall the section carry?

Mr. MENARY: May we have the bill?

Mr. KNOWLES: We have not yet received the bill.

Mr. GIBSON (Hamilton West): It is in your file.

Mr. KNOWLES: But it has since been amended.

Mr. PEARKES: Has it not been amended since it was first printed?

Mr. KNOWLES: This is not a reprint, Mr. Chairman. Perhaps the minister can tell us whether the amendments are extensive.

Mr. GREGG: When the resolution was before the house I outlined the bill itself quite fully. There are no amendments to amount to anything. I will refer to them immediately. On page 5 of the bill, there is an amendment at the last line, which reads "on the thirtieth day of September, 1947," to make it read "on

the thirtieth day of June, 1948." That was the only amendment proposed by the parliamentary committee.

Mr. PEARKES: On what page was that?

Mr. GREGG: On the last page.

The DEPUTY CHAIRMAN: Order. We had better wait until we come to that point.

Mr. GREGG: Yes, we will come to that. It is the last line of the section.

Section agreed to.

Sections 2 to 5 inclusive agreed to.

On section 6—Persons deemed to be discharged as of September 30, 1947.

Mr. GREGG: This is the section to which I referred. I would ask my colleague the Secretary of State to move that, in the last line on page 5, "June" be substituted for "September" and "forty-eight" be substituted for "forty-seven."

Mr. GIBSON (Hamilton West): I move accordingly.

Amendment agreed to.

Section as amended agreed to.

Bill reported, read the third time and passed.

DOMINION ELECTIONS ACT

PROVISION FOR INCREASE IN SALARY OF CHIEF ELECTORAL OFFICER

Hon. COLIN GIBSON (Secretary of State) moved that the house go into committee on Bill No. 198, to amend the Dominion Elections Act.

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

On section 1—Fishermen.

Mr. SKEY: I should like to bring a matter to the minister's attention, mainly with the idea of getting his advice. This is a problem which we have met with from time to time in large centres. I think it would be better if I described the situation rather than put a question to the minister. It is possible for a home owner on enumeration to register a considerable number of people who may be casual visitors but who are not necessarily residents in that particular place.

Mr. GIBSON (Hamilton West): I do not think that would come under section 1.

Mr. SKEY: Is this not a general section?

Mr. GIBSON (Hamilton West): This section amends certain sections of the elections act.

Mr. SKEY: Would the minister tell me if there is any section under which I can bring this matter up?

Mr. GIBSON (Hamilton West): It should have been referred to on the second reading of the bill.

Section agreed to.

On section 2—Tenure of office, salary, rank, and powers of chief electoral officer.

Mr. GIBSON (Hamilton West): There is an amendment to section 2 which I will ask the Minister of Public Works to move. This was suggested by the committee that considered this bill, and it deals with the appointment and remuneration of the chief electoral officer.

Mr. FOURNIER (Hull): I move:

2. (1) Subsection one of section four of the said act is repealed and the following substituted therefor:

"4. (1) The chief electoral officer shall rank as and have all the powers of a deputy head of a department, communicate with the governor in council through the Secretary of State of Canada, devote himself exclusively to the performance of the duties of his office and be paid a salary of not less than eight nor more than ten thousand dollars per annum to be fixed by order of the governor in council. He shall be eligible as a contributor under and entitled to all the benefits of the Civil Service Superannuation Act but, until he has attained the age of sixty-five years when he shall be compulsorily retired, he shall be removable only for cause in the same manner as a judge of the Supreme Court of Canada.

(2) Subsection one of this section, and subsection one of section four of the said act as enacted by subsection one of this section, shall become operative only upon the retirement of the person who is chief electoral officer at the date of the coming into force of this act.

(3) The person who is chief electoral officer at the date of the coming into force of this act, shall be paid a salary of ten thousand dollars, per annum as from the first day of July, nineteen hundred and forty-seven."

Mr. DIEFENBAKER: It is difficult to follow an amendment when one has not it before him. There was some reference to a salary of between $8,000 and $10,000 to be fixed by the governor in council. Would the minister explain the reason for that and tell me in what other legislation is there a provision analogous to that, whereby the fixing of the amount rests with the governor in council?

Mr. GIBSON (Hamilton West): The salary of the chief electoral officer was set in the act that is being amended at $8,000. The present incumbent has been there for many years and has given valuable service. It was felt that his remuneration should be increased to

$10,000, but it was also considered that this should not necessarily apply to any new appointee. It was thought that the salary should have a limit of $10,000, but that provision should be made whereby a new appointee could be appointed at a salary ranging between $8,000 and $10,000.

Amendment agreed to.

Section as amended agreed to.

Sections 3, 4 and 5 agreed to.

On section 6—Qualifications.

Mr. WINTERS: There is an amendment here which I shall ask the Minister of Public Works to move and which reads:

That section 14(2)(i) as set out in section 6 of Bill 198 be deleted.

Mr. FOURNIER (Hull): I so move.

Mr. KNOWLES: Hear, hear.

The DEPUTY CHAIRMAN: Shall the amendment carry?

Mr. BROWN: I move, seconded by the hon. member for Comox-Alberni:

That section 6 be amended by deleting subsection 2 (f) of section 14 as set out in section 6 of the bill.

The purpose of this amendment—

Mr. MILLER: On a point of order, what happened to the amendment moved a moment ago in connection with section 14 (2) (i)?

Mr. KNOWLES: It carried.

Mr. MILLER: No, it did not.

Mr. PEARKES: I was on my feet to object to it.

Mr. GIBSON (Hamilton West): That is right; the hon. member was on his feet.

The DEPUTY CHAIRMAN: I did not know the hon. member for Nanaimo wished to speak.

Mr. BROWN: Which amendment are we dealing with?

The DEPUTY CHAIRMAN: We are dealing with the amendment moved by the Minister of Public Works.

Mr. PEARKES: Would the minister explain the purpose of that amendment?

Mr. GIBSON (Hamilton West): The purpose is to enable Canadian citizens who are of Japanese race to be eligible to vote.

Mr. PEARKES: Is that irrespective of whether they were eligible to vote in the province in which they were residing?

[Mr. Gibson (Hamilton West).]

Mr. GIBSON (Hamilton West): Yes, that is correct.

Mr. PEARKES: Is there any other case where people are not eligible to vote in a province, but who are being permitted to vote in federal elections?

Mr. GIBSON (Hamilton West): Yes, there are others. For example, there are some who are inmates of charitable institutions.

Mr. PEARKES: Are they not permitted to vote in the provinces?

Mr. GIBSON (Hamilton West): In some provinces they are not permitted to vote.

Mr. SINCLAIR: Also the Doukhobors of British Columbia are covered by subsection 2 (i). I believe those in charitable institutions are covered by another section of the bill.

Mr. GIBSON (Hamilton West): Yes.

Mr. SINCLAIR: Does the deletion of subsection 2 (i) mean that henceforth in British Columbia Doukhobors and Japanese will vote in that province in federal elections? Perhaps they would come under paragraph (j)?

Mr. PEARKES: The Doukhobors will be permitted to vote as well.

Mr. GIBSON (Hamilton West): No; they come under another section of the act which is not being amended.

Mr. PEARKES: Can the minister explain why? Are the Doukhobors not a race?

Mr. MacINNIS: I will explain the point. They are debarred from voting because they refuse to accept military service. They are exempt from military service because of the order in council under which they came to Canada. The situation is altogether different.

Mr. PEARKES: Are the Quakers debarred for that reason?

Mr. GIBSON (Hamilton West): No; they do not come under this section. The Doukhobors came to this country under a special agreement. I shall read paragraph (j), which is not being repealed. It states:

In any province, every person exempted or entitled to claim exemption or who on production of any certificate might have become or would now be entitled to claim exemption from military service by reason of the order in council of December 6, 1898, because the doctrines of his religion make him averse to bearing arms, and who is by the law of that province disqualified from voting at an election of a member of the legislative assembly of that province.

Amendment (Mr. Fournier, Hull) agreed to.

Mr. SKEY: Before putting the second amendment—

Mr. BROWN: I think I have the floor, speaking to the second amendment.

The DEPUTY CHAIRMAN: I have read the hon. member's amendment, and he is speaking to it.

Mr. BROWN: Will you call it six o'clock?

Mr. SKEY: It will not take me long.

Some hon. MEMBERS: Go ahead.

Mr. BROWN: It is just two minutes to six o'clock.

An hon. MEMBER: Hurry up.

Mr. BROWN: Mr. Chairman, I shall give my reason for the amendment. The Indian Affairs committee, which is a joint committee of the Senate and the House of Commons, has considered the question of voting by the Indian population in Canada. On or about May 6 of this year a unanimous report was made by the committee to the house, recommending that votes be given to the Indians on the same basis as they are given to urban voters. The reason was that in that way it would be necessary that they be enumerated and be on the enumerators' list. At elections they would not be able to go to the polls with some other person already on the list, and be sworn in.

At six o'clock the committee took recess.

After Recess

The committee resumed at eight o'clock.

The DEPUTY CHAIRMAN: When the committee rose at six o'clock the hon. member for Essex West was speaking to an amendment.

Mr. BROWN: Mr. Chairman, as we adjourned for the dinner recess I had explained that this amendment is the result of a report made to this house by the Indian affairs committee on or about the 6th day of May of this year, recommending that the North American Indian on a reserve in Canada be given the right to vote in dominion elections on the same basis as voters in urban centres. The Indian would then have to be enumerated and be on an enumerator's list on election day. This recommendation was the result of many representations made to the committee by various organizations from coast to coast throughout Canada and by many Indian organizations. Representations have also been made by one who, as I speak here tonight, is sitting in the gallery of this house, the Reverend Doctor Peter Kelly, of the Native Brotherhood of British Columbia, a Doctor of Divinity and a member of the United Church clergy.

The Indian pays taxes. He pays sales tax; he pays income tax on income earned off the reserve; in fact, he pays all taxes except taxes on the land he occupies on the reserve. It is therefore felt by the Indians that they are paying taxes and having no representation. The principle of taxation without representation does not appeal to them or to many church and other organizations. It was unanimously felt by the committee that the giving of the vote to the Indian would create in him a desire to help himself—the theme of the Indian affairs committee since its inception has been that we were endeavouring to help the Indian help himself—and that it would create in the Indian a sense of obligation to society. It would train him in our democratic practices and make him realize that he has a place in the Canadian economy and in the Canadian society.

On the other hand, the giving of the vote to the Indian would result in a recognition by government agencies and by members of parliament that the Indian was not a chattel but a human being and as such had certain rights in our society and that he should be looked to and his rights be protected. In other words, the thought of the committee has been that the giving of the vote to the Indian will help us to assimilate the Indian. When I say assimilate I do not mean that the Indian would lose his rich background of cultural achievements, or any of the rights that he enjoys under treaties, or any of his rights, statutory or at common law; but that he would be recognized as being a human being and subject to the attention of those seeking office.

This thought of the Indian affairs committee and this recommendation are not without precedent, for in the United States the vote was given to the Indian in federal elections with certain minor qualifications. So that in moving this amendment, Mr. Chairman, I feel that a great step would be taken toward the assimilation of the Indian into the population of the Dominion of Canada, and it would make not only Indians but the other Canadians realize that we are all united.

Mr. GIBSON (Comox-Alberni): Mr. Chairman, in rising to second the amendment of the hon. member for Essex West, who, as the committee knows, was chairman of the Indian affairs committee, I think it is well to call attention at once to the recommendation that was submitted to the house last year by the Indian affairs committee in regard to the

enfranchisement of Indians. Perhaps I should not say "enfranchisement," because the Indians feel that there is some liability connected with that term; shall I say, grant the privilege to the Indian of voting in a federal election.

I can well appreciate the stand now taken by the Indians. They feel that they are unjustly taxed by the income tax law, because they say they have not a vote. Generally speaking, it is the more advanced and more cultured Indians who will be paying most of the tax, because in ordinary circumstances the more cultured among them have the higher incomes.

When the Indian affairs committee made this recommendation we knew that the committee on the Dominion Elections Act was sitting, and I thought at that time it would be possible for that committee to consider our recommendation and make it possible for certain segments of our Indian population, the better educated and more advanced, to vote in dominion elections. Everyone will agree that the problem of Indians voting is a peculiar one. We have 125,000 Indians scattered over this country from the United States border to the Arctic ocean, and as a result they are bound to be in all stages of civilization. The more advanced professional people among the Indians live near the United States border, and the Indians who are still in almost an aboriginal state live farther north. I do not think it would be wise to grant to the aboriginal native Indian, without an education and without a knowledge of English, the same privilege that we grant to his brother who may be a professional man. That is the feeling of the Indian leaders themselves. They realize what a vast difference there is in the culture of the Indians in various parts of Canada.

As a way out of some part of the problem, it seems to me that it might be necessary for us to recommend to the committee on the Dominion Elections Act that an Indian applying for the privilege of voting be required to fill in an application to indicate to the enumerators that he can read and write. It does not seem quite right that a man who cannot read the names on the ballot should have the privilege and the responsibility of going into an election booth and taking part in a federal election. There is no question that the educational disability which some of the Indians possess will be overcome in the next twenty years so far as seventy-five per cent of them are concerned. Anybody who has studied the program of the Department of Mines and Resources and the Department of National Health and Welfare will realize that these branches of government are making available a greater sum of money to further Indian educational advancement. From my own personal knowledge of the Indians on the Pacific coast, I would say that within the next twenty years most of them will be competent to exercise an intelligent franchise without any test as to education. In fact, most of them are competent now. The difficulties and problems which the Indians now face will certainly be solved by the action of the members of parliament whom, I trust, they will help to elect when they receive the vote.

Mr. GIBSON (Hamilton West): The amendment which has been offered is one which has not been considered by the elections committee. I understand that many problems will arise if this amendment is passed. I would hesitate to hold up the passage of this bill by referring the amendment back to the committee which has already considered the elections act. The committee considered the act last session and throughout this session. The amendment which has been put forward tonight is not one that was brought before the committee during its meeting, and while I do not know all the problems that it would raise, I understand that many Indians are not anxious to have the vote. I understand that in Saskatchewan the chiefs of all the tribes in that province at a gathering decided to have a petition forwarded that they be not granted the vote, since they felt it might be the thin edge of the wedge to take away their treaty rights. I believe this matter should be thoroughly considered by the elections committee before being incorporated in the act, and I would suggest that the amendment be dropped in the meantime and referred to the elections committee at another session, so that it could be given careful consideration.

Mr. CHURCH: I have not had an opportunity of going over this bill, but I wish to express my views on the principle of the disqualification clause. I am in favour of allowing the Indians to vote, because they should be citizens. I refer to those who did not serve in the first and second wars. Citizenship should be made available to them.

I should like to refer to a matter which I voted for before, namely, subsection 1, paragraph (k), which refers to those in charitable institutions. I think it is a very small piece of business for this parliament to adopt the law of the provinces which debars from voting those old people in charitable institutions. They have borne the heat of the day, and many of them have voted all their lives. I am in favour of extending this provision, notwithstanding the provision in some of the other provincial acts.

Mr. CHARLTON: I should like to say a few words in support of this amendment. I have the pleasure of representing the largest Indian reserve in the Dominion of Canada, and am also a member of the Indian Affairs committee. In view of the minister's remarks, surely we can accept the recommendation of the Indian Affairs committee, which has been meeting now for the past three years, without sending this amendment back to the elections act committee. I would be very sorry if that were done. The Indians were the first citizens of this country.

Mr. SINCLAIR: Citizens? Aborigines.

Mr. CHARLTON: Surely it is time that these people were allowed the privilege of voting if they wish. I realize that many Indians do not wish to vote. Why is that? Because they are fearful that, by so doing, they will lose part of their rights and privileges. That is not true. Indians are a very proud people. They do not want to lose their identity as Indians. If we pass this amendment now we shall not be forcing them to vote. We shall simply be giving them an opportunity to vote if they wish. I think it would be poor judgment on the part of this committee not to pass this amendment.

Mr. SINCLAIR: I should like to say one or two words on this amendment. To me it is a surprising amendment. I was a member of the elections act committee. At no time was there a suggestion before our committee that the Indian should get the vote. In my own riding I have over forty Indian reserves. The Indian question is very much to the fore. To me, and I think to the leaders of the Indian groups in my riding, the solution of the Indian problem of Canada is to get the Indians away from being wards of the government and living on reserves, to the ordinary everyday rights of Canadian citizens living in cities, municipalities and districts, paying normal taxes and voting as Canadians. Therefore I cannot see how Indians who still want to maintain their treaty rights as wards of the state living on reserves away from the great influence of Canadian life can expect at the same time to be able to vote as Canadian citizens in dominion elections.

I confess that for the first time since I have been in the House of Commons I am at odds with my very good friend—we use that word very loosely around the House of Commons—the hon. member for Comox-Alberni. With all due deference, for example, to the hon. member for Davenport, I doubt whether there is a member in this House of Commons who knows the Indians of Canada as well as the hon. member for Comox-Alberni does. He was pretty well reared in an Indian village. His west coast riding of Comox-Alberni includes more Indians, I suppose, than the rest of British Columbia, who are renowned in Canadian history, the most warlike of all the Canadian Indians, the only ones who stopped the Spanish, the British and the Canadian explorers. But at the same time I wonder, when the hon. member for Comox-Alberni asks for the vote for the Indians, whether he would turn his mind back to two or three years ago and think whether some of these old klootchmen—that is an Indian phrase on the west coast—whether these very old and aged Indian women, if called upon at the last election to sort out the relative virtues of Jack Gibson, the Independent candidate for parliament, Nigel Morgan, the communist candidate for parliament and Mr. Barnett, C.C.F. candidate for parliament, because of their lack of knowledge of the English or the French language—they speak Chinook—could have decided which one of these three was best able to represent them in parliament.

Mr. FULTON: Gibson was Indian enough.

Mr. SINCLAIR: I know there are many good Scotch names which seem very heavily interlarded throughout the Indian tribes in British Columbia.

A certain thing which strikes me as unusual about this amendment is that it was moved by the hon. member for Essex West.

Mr. BROWN: The sun parlour of Canada.

Mr. SINCLAIR: It was moved by the hon. member for the sun parlour of Canada and seconded by the hon. member for Comox-Alberni, who in his speech suggested that perhaps twenty years from now the Indians on the reserves might be fit for the vote. I have never heard of a motion moved by one person who wanted to have it become effective immediately, and seconded by another who wanted it twenty years from now.

Mr. GIBSON (Comox-Alberni): My hon. friend did not hear me.

Mr. SINCLAIR: The hon. gentleman will probably be here twenty years from now as the independent member for Comox-Alberni and he can then move it himself. I feel that one of the great incentives in the way of getting the Indians off the reserves, so that they might live as the rest of Canadians do under normal circumstances, would be to say to them, "if you cease being wards of the government, if you move out of the reserve and live as other Canadians live, you will get the vote". That would be a great incentive to the Indians.

In my own riding I live three blocks away from one of the principal reserves in the Vancouver area. In my own city of North Vancouver there are a great number of Indian families—as a matter of fact one cannot call them Indian families; they are Canadian families—who left the reserve to establish themselves where their children would go, not to Catholic or to Protestant Indian schools, but to Canadian schools, where they would learn to live as Canadians. These people have the vote. I should like to think they will vote for me, but whether they vote for me or for my opponent, they have established that right. I say therefore that, because those hon. members who are interested in this matter evidently did not take sufficient interest in it to bring it before the committee on the elections act, and secondly, because those who still live on the reserves are wards of the government and as such are dependents and not entitled to the consideration which should be given to Indians who have left their reserves and begun to live as Canadians, I must vote against the amendment moved by the hon. member for Essex West and seconded by the hon. member for Comox-Alberni.

Mr. CROLL: I welcome the opportunity of supporting the amendment moved by the chairman of the Indian affairs committee, and I am particularly impressed by the seconder, the hon. member for Comox-Alberni, and even more so after the recommendation he received from the hon. member from Vancouver North. I feel, therefore, that I am on solid ground when I suggest to the committee, agreeing with the mover of the resolution, that the time has come for us, not only to consider the discontinuance of the practice, but actually to put an end to it, of treating the Indians like children. Let us, instead, allow them to live normal adult lives.

I recall the debate in this house on a resolution moved by the hon. member for Calgary East in 1945 when many pious utterances were made over the usual period of an hour, but nothing has been done in the three years that have elapsed. My own feeling is that we have too long kept the Indians in dependence and restricted them to an inferior status. The time has come—it should not be twenty years hence; the time is now—when we should clothe them with the dignity of citizenship and assimilate them into Canadian life. I think our difficulty has been that we have adopted a paternal attitude toward the Indians; as a matter of fact, an attitude of archaic paternalism which belongs to another day.

Whether this committee believes it or not, the Indian is the only man without a vote in the country of his origin. I am told that in the last war 5,000 Indians served in the armed forces.

Mr. GIBSON (Hamilton West): They all got the vote.

Mr. CROLL: I am not suggesting that they did not. In this war there were 4,000. They also pay taxes. I think that should appeal to hon. members when they realize that taxation without representation changed the face of the continent to the south of us.

The suggestion is made that Indians are a backward race. That is due to sheer neglect and indifference on our part. Instead of the Indians being backward, our treatment of the Indian marks us as backward at the present time. I welcome this discussion, because it is an opportunity to correct a great wrong. It is a reform long overdue. I do not think the resolution went far enough. It is time that the Indian affairs committee reported, so that we might have an Indian department with Indians on the staff, giving the Indians an opportunity to lead normal lives. Canadian Indians must become Canadian citizens. For that reason I support the resolution.

Mr. SINCLAIR: May I ask the hon. member a question? He has spoken learnedly of the Indians. Just how many Indians or Indian reservations are there in the great riding of Spadina?

Mr. HARKNESS: I should like to support the motion made by the hon. member for Essex West. I am unable to understand why anyone would like to continue to keep the Indians in a class by themselves as the only people born in this country who have not the right to vote. A man coming from any other part of the world, after fulfilling his residence qualification, has the right to vote, and his children born here have the right to vote, regardless of their understanding of the election issues or anything else in that regard. I cannot see why we should continue to keep this one group of people in the position where they are denied the franchise. The situation is anomalous, in that all Indians who are veterans have the right to vote, so that on some reservations, of people with more or less the same educational qualifications and understanding of national affairs, some may vote, while others have not the right. I submit that the time is long past when these people should be granted the same rights in respect of the franchise which everyone else in the country enjoys.

Mr. BROWN: I realize that this is a serious subject and one that should receive careful consideration. I realize also that there

are objections from many sources. I know this is a great forward step and, like any other such moves, it encounters many obstacles. This debate has been most valuable, in that it has brought the issue to the fore and brings the matter into the open, where it may be considered by the Canadian public as a whole. If the Secretary of State will give some assurance that this matter will be referred—

Some hon. MEMBERS: Oh, oh.

An hon. MEMBER: Stick to your guns.

Mr. BROWN: If the Secretary of State will give some assurance that this matter will go where it properly belongs, that is, to the dominion elections committee or some similar committee—

Mr. FRASER: Or in the pigeon-hole.

Mr. BROWN: —with the consent of my seconder I shall be pleased to withdraw the amendment.

Mr. GIBSON (Comox-Alberni): Many of my hon. friends seem to think this is a simple problem; but, no matter which way they voted on the amendment of the hon. member for Essex West, they would probaby be wrong. In the Indian affairs committee of which I was a member, the idea was to pass this without hedging it round with recommendations as to how the mechanics would work, and leave details to the elections committee. We were of the opinion that the elections committee was then sitting and would immediately set about looking into our recommendation and considering it. I myself was surprised to see that this bill was introduced into the house without that recommendation having been taken into consideration. The hon. member for Essex West is probably inclined to feel that, now that the matter has been brought out, the motion should be withdrawn. I feel that, before we take this drastic step—a step with which, incidentally, as I have already said, the Indians are not completely in accord—it might be advisable if the Secretary of State would give us an undertaking that the elections committee will again be set up next year, and by that I mean a specific undertaking. I am not talking about ten years from now.

Mr. SINCLAIR: Twenty years from now.

Mr. GIBSON (Comox-Alberni): If the Secretary of State would give us a specific undertaking that the elections committee will be set up at the start of the next session and that this matter will be considered before the next general election—and I think that, after all, that is the meat of the matter; we want to know if the Indians are to obtain the vote in the next election—I will withdraw the amendment, because I believe that procedure is in the best interests of everyone, including members of this committee who do not know on what they are voting.

Mr. GIBSON (Hamilton West): As I said previously, a great many questions must be considered in connection with an amendment such as this. It is not one that I should want to have referred back to the elections committee at this stage of the session and perhaps not get the bill through before parliament prorogues. I undertake that I will recommend that the committee be set up again at the next session, so that this matter can be brought before it.

The DEPUTY CHAIRMAN: Has the hon. member permission to withdraw the motion?

Some hon. MEMBERS: Yes.

Some hon. MEMBERS: No.

Mr. IRVINE: It belongs to the committee.

Mr. FRASER: It can be withdrawn only with the unanimous consent of the committee.

The DEPUTY CHAIRMAN: In view of the explanation made by the minister and the desire expressed by the hon. member to withdraw the motion, supported by his seconder, I was going to ask if he now had the consent of committee to withdraw it.

Some hon. MEMBERS: No.

Some hon. MEMBERS: Yes.

Mr. FRASER: It is still on the order paper.

Mr. MacINNIS: Before this matter is dealt with—

The DEPUTY CHAIRMAN: Order. Does the hon. member wish to speak to the point of order or to the amendment?

Mr. MacINNIS: I was thinking that perhaps the Secretary of State made a promise that he may find fairly hard to meet. That is, of course, his business and not mine. I was going to ask the hon. member for Essex West if his motion arose out of a recommendation made by the Indian affairs committee.

Mr. CROLL: He said that.

Mr. MacINNIS: If that is the case, that recommendation should have been made in a report to the house.

Mr. GIBSON (Comox-Alberni): It was.

Mr. MacINNIS: When the house had approved that report, it would then be a fit subject to refer to the elections committee and, in my opinion, not until then; because,

otherwise, the elections committee would be taking upon itself to deal with something with which it had no authority to deal by way of reference from the house. I would just make that point. If the motion is still before the committee, I should like to have something to say on it.

Mr. SMITH (Calgary West): I am a little bit confused by the withdrawal undertaking given by the Secretary of State. The hon. member for Comox-Alberni asked if the Secretary of State would give an assurance that this matter would be submitted at the next session of the house, so that it might be dealt with by the house before the next general election. When the next general election is to be is something that I assume the Secretary of State knows. Did he give that undertaking on the basis that there will be no general election before the next session of this house?

Mr. GIBSON (Hamilton West): No. I did not understand that the hon. member used the words "before the next general election."

Mr. SMITH (Calgary West): Yes. They were plain. I would ask the hon. member to stand up and prove that.

Mr. GIBSON (Comox-Alberni): That was my intention.

Mr. GIBSON (Hamilton West): I could not say—

Mr. SMITH (Calgary West): That was your undertaking.

Mr. GIBSON (Hamilton West): My undertaking was that at the next session of the house I will recommend that the elections committee be again set up to consider this amendment or any amendments to the elections act that may be brought before it. I, of course, cannot say what can be done before a general election, because I do not know when the general election will be brought on.

Mr. SMITH (Calgary West): Then, may I submit that the hon. member for Comox-Alberni agreed to the withdrawal of the motion on a certain condition. That condition was that the minister would give the committee an assurance or an undertaking that this matter would be dealt with by the elections committee at the next session of the house and before the next general election. That was the request made and that was the request granted by the minister. We have no agreement at the moment, because the minister has not accepted the condition laid down by the hon. member for Comox-Alberni. Surely the hon. member for Comox-Alberni must now make his withdrawal absolutely without condition, in order to conform with the innocuous statement just now made by the Secretary of State.

Mr. GIBSON (Comox-Alberni): I would object to making my withdrawal absolutely unconditional. I assumed that there would not be an election for another year. However, not being in the seats of the mighty, I could not give my hon. friend that guarantee. However, if the Secretary of State can not assure us that there will not be a general election —and after all, we must be fair about the thing—if he will assure us that at the next session of the house he will reconstitute this committee and submit this matter to it, that is satisfactory to me.

Mr. SINCLAIR: Does the hon. member for Comox-Alberni not realize that, whether the election is held now or a year from now, the same government will still be in office, whether it is before the election or after the election.

Some hon. MEMBERS: Oh, oh.

Mr. KNOWLES: Wrong again.

An hon. MEMBER: That is what you think.

Mr. SMITH (Calgary West): I intend to take a trip to the flooded areas and try to get a little water on my brain.

The DEPUTY CHAIRMAN: Order. Has the hon. member the consent of the committee to withdraw the amendment?

Some hon. MEMBERS: Carried.

Some hon. MEMBERS: No.

The DEPUTY CHAIRMAN: Then we shall have to put the question. All those in favour of the hon. member having leave to withdraw the amendment please say "yea".

Some hon. MEMBERS: Yea.

Some hon. MEMBERS: Nay.

An hon. MEMBER: Let him withdraw.

The DEPUTY CHAIRMAN: It is necessary for us to put the amendment if the hon. member has not the leave of the committee to withdraw it.

Mr. HARRIS (Grey-Bruce): Put the amendment.

The DEPUTY CHAIRMAN: We have not the leave of the committee. Mr. Brown moves, seconded by Mr. Gibson, that section 6 be amended by deleting subsection 2 (f) of section 14 as set out in section 6 of this bill, All in favour of this amendment will please say "yea".

Amendment negatived: Yeas, 39; nays, 58.

Mr. COCKERAM: Mr. Chairman, I hope you noted that the mover and the seconder voted for that?

Mr. BROWN: On a question of privilege, the hon. member for York South has accused me—I did not get all of what he said—of something and wanted it noted that I had voted in favour of this motion. That is quite correct. After all, I was a member of that committee.

Mr. ROWE: And a member of that party.

Mr. BROWN: Yes, a member of that party, and I am proud of it. I am a Liberal. I want to withdraw this motion because, unlike some of the opposition, we feel that the committee of which I had the honour to be chairman—

Mr. SMITH (Calgary West): What is before the chair? What is the point of order?

An hon. MEMBER: It is a question of privilege.

Mr. BROWN: We have a sincere responsibility over the lives and habits of 130,000 people, and it is no time for us to be playing politics.

Section agreed to.

Sections 7 to 19 inclusive agreed to.

On section 20—Instructions to be furnished D.R.O.

Mr. GIBSON (Hamilton West): There is an amendment to add a clause, which I shall have the Minister of Public Works move.

Mr. FOURNIER (Hull): I move:

That subsection 2 of section 34 of the said act be repealed and the following substituted therefor:

"(2) Each of the agents of such candidate, and, in the absence of agents, each of the electors representing such candidate, on being admitted to the polling station, shall take an oath in form No. 35 to keep secret the name of the candidate for whom the ballot paper of any elector is marked in his presence."

Mr. SMITH (Calgary West): Would someone just explain in a word what this means?

Mr. GIBSON (Hamilton West): This is a secrecy clause, providing that each agent of the candidate, or in the absence of agents, each of the electors representing such candidate, on being admitted to the polling station shall take oath to keep secret the name of the candidate for whom the ballot paper of any elector is marked in his presence.

Amendment agreed to.

Section as amended agreed to.

Sections 21 to 24 inclusive agreed to.

On section 25—Entry in poll book.

Mr. MUTCH: Mr. Chairman, I understand that this is the clause under which it would be appropriate to make the few remarks I desire to make with respect to the method of taking the vote. Suggestions have been made from time to time by influential groups in this country representing serious-minded people who have given a great deal of consideration to the study of the method of voting. I am one of those who are desirous of having the single transferable vote adopted in constituencies where more than two candidates are running.

I come from a province where the single transferable vote has been used in provincial elections for a considerable number of years. In my view and in the view of many others the results have been good, in that they have eliminated the election of members by a minority vote in the riding. This does not introduce a new method of voting, because it is the practice also in the province of Alberta. Here again I am told that the results have been satisfactory to the electors.

One need only to look at the membership of this house as it has been brought up to date in the last few days to realize the extent to which minority representation exists. At the present time there are 145 members who are in this house as a result of minority votes in the ridings from which they come. I admit quite freely, as someone will no doubt point out, that in the last election that condition applied to myself. Some sixty of those members are members of the government party; thirty-eight are members of the Progressive Conservative party; twenty-eight are members of the C.C.F. party; twelve are members of the Social Credit party, and there are seven others. If we needed lessons, we have had additional lessons in connection with this matter in the last few weeks.

Surely this is an opportune time to raise the question and to invite hon. members to give serious consideration to it. A few moments ago the Secretary of State indicated that he did not desire to reopen a question and refer it back to the committee, but if I heard him correctly he did indicate that such matters as this committee might desire to have discussed further before another election, assuming that there would not be one in the interval between sessions, could be referred back to the committee.

This is a matter which has been exercising the minds of large numbers of people in this country over a considerable period of years. It has been supported by a large section of the party of which I am a member since as far

back as 1921, 1925, 1926 and consistently since. It was supported in the house in my time enthusiastically by the C.C.F. party, although it is notable that, since that party achieved power in the one place in which they have achieved it, namely Saskatchewan, they have been cold to the idea, and have tended to veer toward the support of another form of voting known as proportional representation, in which I do not desire to support them.

I wish to make it abundantly clear that my plea with respect to this is for the single transferable vote. It will be urged against the adoption of this practice that in the large majority of cases where this practice is followed there has been very little change in the representation as between the candidate who was high on the first count and the candidate who ultimately won on the second count.

I have not done the necessary research to discover the exact number of cases in which this situation has obtained in either Alberta or Manitoba, where the practice is followed; but I suggest this to the committee, that even if that be true, and even if it should prove to be an almost universal practice that the candidate who was high on the first count was ultimately elected, it does not remove one of the principal arguments for the adoption of the single transferable vote. The point is this, that the man who is high on the first count, or the man who is second on the first count, in the event of there being three candidates, does have the satisfaction of knowing that when he rises in his place in a legislature, or in the House of Commons, he is there or here by virtue of the fact that a majority of the electors in that constituency preferred him on either their first or their second choice, to speak for them. This system eliminates something of the disquietude of mind which disturbs the constituents themselves, when they realize that under the present system the man who is elected may have a majority opposed to him; and yet he speaks in their name.

It will remove that feeling; and if it did nothing else it would be worthy of consideration because of the added confidence it would give to the electors under our system of representative government, in the conviction that they have indeed a full share in electing the person who speaks for them in the legislatures of the country.

I am not going to branch out into a dissertation as to the methods or practices in connection with the system. I suggest through you, Mr. Chairman, to the committee, that there has never been a time more opportune than the present for the serious consideration of a change in our electoral law.

[Mr. Mutch.]

I expect there are those who are allergic to change. No doubt there are some among us who might have in their ridings and in their own personalities opposition and objection to change. However, this is something which I should hope would recommend itself to members of the house for serious study. We shall have an interval between now and the next session—I do not expect a very long interval—and during that time if we have any sort of assurance that when the house convenes again a committee will be set up to give further study to the matter, I would earnestly hope that members would give this matter some further thought.

Mr. MacNICOL: We have had three already.

Mr. MUTCH: They could consult with their electors when they go home, and return here well posted to give intelligent and proper consideration to the matter, and to express the popular will of our people which, I am convinced, is for the adoption of the single transferable vote.

Mr. FAIR: Coming from the most progressive province in Canada, Alberta, I wish to support the stand taken by the hon. member for Winnipeg South. I am sorry he did not go much farther. However, perhaps he has many other things on his mind, since his elevation recently to a new post, upon which we all congratulate him. Because I am so firmly convinced that the single transferable vote is what we should have, I intend to move an amendment which will bring the single transferable vote into effect, provided that it gets the necessary support in the House of Commons.

Therefore, before going farther I move, seconded by the hon. member for Calgary West (Mr. Smith), another Alberta member who is proud of his province:

That subsection 3 of section 45 be deleted and the following substituted therefor:

"In single member constituencies the elector on receiving the ballot paper shall forthwith proceed into one of the polling compartments and there mark his ballot paper with a black lead-pencil in the following manner:

(a) by placing Arabic numeral 1 in the white space containing the name of the candidate of his first choice;

(b) by placing Arabic numeral 2 in the white space containing the name of the candidate of his second choice; and,

(c) by placing Arabic numerals 3, 4, 5, etc., in the white space containing the names of the candidates of 3rd, 4th, 5th, etc., choices, until a numeral choice has been made for each candidate's name appearing on the ballot.

The elector shall then fold his ballot paper as directed so that the initials on the back of it, and the numbers on the counterfoil can be seen without opening it, and hand the paper

to the deputy returning officer who shall, without unfolding it, ascertain by examination of the initials and numbers appearing thereon that it is the same paper as that delivered to the elector, and if the same he shall forthwith, in full view of the voter and all others present, remove and destroy the counterfoil and deposit the ballot in the ballot box."

I feel that the use of our vote is one of the most important things with which we have to deal. If we insist upon using it wrongly it does not reflect great credit upon us. In Alberta I have not heard one objection to this system of voting, although in other provinces where the system is not understood as well as it is in my province there may be objections.

However, this is a simple and handy method of getting the number of votes for a candidate. We have, for instance, four candidates running in an election none of whom receives 50 per cent of the votes. In that event the candidate receiving the low number of the votes is dropped from the count, and his second choices are distributed among the three candidates remaining. After this is done and the votes are again counted, if none of the three candidates receives 51 per cent of the votes, or 50 per cent plus one, then the next lowest man is dropped, and in like manner his second choices are distributed among numbers 1 and 2. By this method either number 1 or 2 will have better than 50 per cent of the votes.

As pointed out by the hon. member who has just taken his seat, 61 per cent of the members elected to this house represent their constituencies by minority votes. In my opinion that is not good enough. We can bring about fair representation by adoption of the single transferable vote.

I do not intend to take up more time this evening, because I expect that there will be further discussions of the matter. I should hope that, before another general election is held, this method might be put into effect.

Mr. CHURCH: We have before us an amendment moved by the hon. member for Battle River and seconded by the hon. member for Calgary West. It is an amendment stating that subsection 3 of section 45 be deleted, and that certain paragraphs set out be substituted therefor. Then follow paragraphs (a), (b) and (c).

I doubt if one could find any body of public opinion in the two central provinces to support such a complicated system of voting. It is all right for one of the parliamentary assistants and for the hon. member for Calgary West to support it. I do not object to that, or to his seconding the amendment; but the average citizen in an industrial province does not want any such system as is proposed here. They would not have it in municipal affairs. The municipalities would go bankrupt under such a system.

The Conservative party to which I belong—I have been nothing but a Conservative; I do not claim to be Progressive, because calling yourself "Progressive" does not make you progressive. I am true blue. I may be the only one left, and we used to have a party in this house which occupied the treasury benches.

You have union government in Manitoba and British Columbia. I can never understand our party sacrificing all our principles for four or five jobs in a union government. Sir John A. Macdonald, our leader, adopted and followed a policy of protection ever since we were a country, and Laurier followed it too. What was that policy? It was the policy of protection, bonuses, subventions and subsidies, for all the provinces. It was that policy which made this country great. Today in Manitoba and British Columbia the only alternative to union government is hon. gentlemen to my left who believe in the socialist doctrine first, last and all the time. No wonder the two old parties were beaten in Yale, Vancouver Centre and all that kind of thing.

We have no right to pass legislation such as this. You are handed a ballot, and what do you find, under this amendment? You go into a polling compartment to mark your ballot paper in the following manner:

(a) by placing Arabic numeral 1 in the white space containing the name of the candidate of his first choice.

I would start at the other end. I would not vote for any of them under such a system. I would throw them all out. It may be all right for new settlers in some districts, but those who have been here for many years and whose ancestors have been here for two and three hundred years do not want this kind of thing. So far as I am concerned, I am utterly opposed to the proposed doctrine of the transferable vote. It would mean that you would have a system of minorities established in this country. It would be far better to go back to the provincial law in federal elections.

The other day we had a taste of what happens when you link up provincial and municipal affairs. Toronto is an industrial city, built up by protection. I have always had support from the working classes in every election, and I have practically no organization. In the last election I did not even have a car on election day except my own, to visit the polling booths. They might have stuffed the ballot boxes. They did once. Several hundred

ballots were found in a box in one polling subdivision where there were only fifty-seven voters. If you want a system like that, all well and good. We can blame ourselves in this house for all these new doctrines that have been introduced here. No wonder on June 7 last some of the industrial ridings in Toronto voted the way they did. I can tell you why they did. A party that stands by its principles will never lack for a leader or a policy. That is the trouble in this country. Instead of a policy of principle and progress, we have now a policy of peanuts and party. That is what we have.

To come back to the amendment, people walk into a polling compartment and vote under this complicated system. I have read (a). Then there is (b):

(b) by placing Arabic numeral 2 in the white space containing the name of the candidate of his second choice; and—

Then (c):

(c) by placing Arabic numerals 3, 4, 5, etc., in the white space containing the names of the candidates of 3rd, 4th, 5th, etc., choices, until a numerical choice has been made for each candidate's name appearing on the ballot.

I doubt if anybody understands it. We have had enough of that kind of thing, filling out our income tax forms. The other day I was told by my hon. friend the Minister of Public Works that he could not read my writing and that I should write in block letters as you do in writing your name on the income tax form. I doubt if anybody understands this proposed system of voting; but if that is what you want, all well and good. The party that sticks to its principles will never lack a following. We did not stick to our principles in the last election, and the result was that we crucified our party principle of preferential trade like a thief in the night and hanged it on the sour apple tree.

Under this proposed system of voting, everybody who votes will need a secretary. It reminds me of the committee of forty in Toronto. They would come to the police commission, of which I was the head, and complain of some actor or actress; it was generally an actress who did not wear enough clothing. They had their sleeves too short and other things too short. We had two committees in those days, the committee of forty and the committee of one hundred. Colonel Denison asked me once, as chairman of the police commission, what the difference was between the two committees, and I told him the difference was sixty. There were sixty more wanting their pet theories than the other committee of forty. With sixty people in a committee there is more conflict than there is with forty, and there is more conflict with a committee of one hundred than there is with a committee of sixty. The committee of one hundred wanted to abolish the bar and save the boy, and they wound up later by forgetting all about the boy.

It would take a Philadelphia lawyer to read the ballot. Suppose I do not like candidate A. I cross him out immediately, because he is one of the block system of candidates. Then I come to (b) and I am supposed to place a numeral in the white space containing the name of the candidate of my second choice. Well, now, they had a bill up here the other night introduced by an hon. member from the province of Alberta. The hon. member for Danforth is not in the house at the moment. By that bill they were cutting up horsemeat to be eaten. I said at the time that probably there would be no horses left; no horses for my good friend, the hon. member for Dufferin-Simcoe, to ride around the tracks or at the Woodbine. If that is the kind of system you want, all very well.

Then we come to (c), which asks us to place numerals 3, 4, 5 and so forth in the white space containing the names of the candidates. Having seen some of these people going in to vote and requiring somebody in the polling booth at the same time to mark the ballot for them in West Centre, Toronto, where I was a candidate at one time, and having seen them go in behind the white curtain, may I say that they did not know what they were doing. Then they came out and people tried to explain to them what it was that they voted for. It may be that they voted for No. 5 instead of No. 4, or No. 3 or No. 2 or No. 1. It is no wonder that a large number of ballots were found in the boxes, probably hundreds instead of twenty.

I am absolutely opposed to that kind of business. I am absolutely opposed to this modern combination system. A great many people have come to this country recently. We are glad to have them all from every country, but they will not understand this chartered accountant system. I venture to say that if this amendment should be passed the proposal should be referred by the Minister of Justice to the Supreme Court of Canada under the Supreme Court Act to find out whether this parliament has any right, over the heads of the provinces involved, to adopt such a system as the single transferable vote.

Mr. KNOWLES: I rise to a point of order. May, thirteenth edition, at page 285 reads as follows:

Every amendment proposed to be made, either to a question or to a proposed amendment, should be so framed that, if agreed to by the house, the question or amendment, as amended, would be intelligible and consistent with itself.

I would point out, Mr. Chairman, first of all, that subsection 3 of section 45, which this amendment proposes to amend is not before us at the present time, and the measure is not worded in such a way as to put it into section 25 and do the job that the hon. member wants done. Further, I would point out that if one takes even a cursory glance through the elections act he will find that there are many other phases of our election procedure which this would affect. There is, for example, the method to be used in counting the ballots, the kind of report which the returning officer makes and many other things which one could find. The result would be that if we passed this amendment to this clause, not only would it be unintelligible in relation to clause 25 which is before us, but it would be inconsistent and unintelligible to the rest of the bill which is before us at the present time.

The DEPUTY CHAIRMAN: I wish to thank the hon. member for raising the point of order. I was going to say that I would have to rule this amendment out of order, on the ground that the hon. member has raised. In the first place, this amendment proposes "that subsection 3 of section 45 be deleted and the following substituted therefor". If the rest of the amendment were in order, I would not rule it out of order, since clause 25 of the bill with which we are dealing does itself amend section 45 of the act. Then that clause would have to be amended. In view of the fact that this would not be a proper amendment to put in the bill as it is at the present time, I shall have to rule it out of order.

Mr. DIEFENBAKER: Mr. Chairman, in view of the fact that your ruling has been given, but because you permitted the hon. member for Winnipeg South to say a few words on the question of the single transferable vote, I am sure that you will not deny me a similar right.

The DEPUTY CHAIRMAN: My ruling the amendment out of order does not prevent the hon. member for Lake Centre from saying anything he wishes.

Mr. DIEFENBAKER: I was quite interested in the alacrity with which the hon. member for Winnipeg North Centre raised a point of order on this matter. I am sure he did not have in mind the fact that if it came to a vote, in view of the policy of his party in Saskatchewan, he would find some difficulty in voting on the question.

I would point out, sir, that this matter has been before the house on many occasions. It goes back to the year 1923 when a resolution was passed in this house in favour of the adoption of the single transferable vote. On April 30, 1925, the Prime Minister gave assurance that a bill would be brought down, and to use his words he said, "and we will proceed with it." That was a bill for the purpose of bringing in the single transferable vote. Indeed, the late Mr. Lapointe did introduce a bill on May 26, 1925, to provide for this type of voting. It received first reading. On June 9 of that year the late Mr. Robert Forke made inquiry regarding this matter. The house was prorogued on June 27 and the matter did not proceed any further that session.

There was an election in October, 1925. On September 29, 1932, the present Prime Minister, then leader of the opposition, spoke in the Huron South by-election. According to the press reports of that date, he stated that the Liberal party advocated the alternative vote in single member constituencies, and the adoption of proportional representation in double member constituencies. In that by-election the present Prime Minister, then leader of the opposition, promised this electoral reform as an integral part of the policy of his party.

In the election of 1935, as you remember, sir, the Prime Minister, as leader of the opposition, repeatedly committed his party to electoral reform, and on August 2 of that year he said: "The Liberal party stands for electoral laws which will ensure true parliamentary representation of the Canadian people." On September 17, 1935, in a broadcast during that campaign he said: "We are pledged to measures of electoral reform to ensure true parliamentary representation of the people." And finally, sir, you will remember that on election night in 1935 that was one of the promises which were to be carried into effect. Nothing has been done about the matter.

As the hon. member for Winnipeg South said, we find ourselves today in the House of Commons in the position where a majority of the members of the house have been elected by minority votes, and I can speak on that subject because I am one of those in that position. There are 144 other members in the house in the same position.

One of the reasons given for the fact that many of us represent minorities is the apathy on the part of the people as a whole, their failure to vote. The suggestion that has been offered to secure proper discharge of the responsibilities of citizenship is the introduction of a system of compulsory voting such as has been in effect in Australia, where approximately ninety per cent of the people do in fact cast their vote. The alternative to that is the suggestion made by the hon. member, and

that is the single transferable vote, which has been in effect in the provinces of Manitoba and Alberta.

Some say that the single transferable vote will secure the result of majority representation. I believe that it will effect that result only if it is made compulsory and mandatory that each voter shall mark his ballot for a first, a second and a third choice. The situation in Alberta and in Manitoba indicates that where there is no compulsory requirement there is very little possibility of change in the ultimate result following the allocation of the votes according to the first choice.

I have looked into the matter with some little interest, merely for the purpose of getting some appreciation of the meaning and operation of the single transferable vote, and I find that in Manitoba in the five last general elections there were 124 electoral districts wherein there were three or more candidates. The degree to which a subsequent count will alter the results, unless there is a compulsory requirement that each person mark his ballot for a second and a third choice, is indicated by the fact that, in these electoral contests, only in four cases was the candidate with the largest vote on the first count actually defeated as a result of the second or third count as the case might be, quite a negligible change resulting from the counting of the second and the third choices, if the last becomes necessary.

In Alberta, in the five general elections, there were 186 contests in which there were three or more candidates. In only six cases was the candidate who had the largest number of first choices ultimately supplanted as a result of the second or the third count. These figures seem to indicate that the single transferable vote can be really effective only if there is a compulsory requirement whereby every person is obliged to mark his ballot for a second choice or a third choice or a fourth choice, as the case may be.

If there is not that compulsory requirement certain parties tend to plump. I can understand the difficulty in which my hon. friends to the left would be. Suppose their voters marked number one vote in favour of the adoption of socialism; then, with two other candidates in the field, they would have to mark the first vote for socialism and then vote for private enterprise in their second choice—

Mr. MacINNIS: Or lose their votes.

Mr. DIEFENBAKER: They must have had that in mind in Saskatchewan; because there, over and over again, one of the integral planks in their policy was the adoption of the single transferable vote, and it is only since power has been attained by that party that the importance of that particular plank has diminished if it has not altogether disappeared. Indeed, as late as February, 1947, the premier of the province, the Hon. Mr. Douglas, speaking before the University of Saskatchewan in Saskatoon, was asked the question whether his party intended to bring in the single transferable vote before the general elections which will shortly be held, and he stated that it did not. He gave as his reason the fact that he had found in Alberta that there were quite a few spoiled ballots and that difficulty had been experienced in that province in explaining to the people how to vote. He indicated, however, that he believed in it personally, but he said it would take a long time to bring it into effect.

I point out that this was part of the policy, if indeed it was not part of the federal policy of that party, and recent events have indicated that something must be done. As to what that something is, we can disagree; each will have his own opinions. I point out that it is not a recent matter; it has been in evidence ever since 1930. If one takes the figures in the elections of 1930, 1935 and 1940, one will find they indicate that our present electoral system is archaic, out-moded and ineffective in acquiring the highest form of representative government.

In 1930, in the federal election the Conservative party elected 137 members and all other parties elected 108, although in point of fact the other parties had more voters in favour of them than did the party that was elected as the government of the day. In that year the popular vote was: Conservatives, 1,909,955; all others, 1,989,040.

Then we come to 1935. During that election the Liberal party received a tremendous house majority. It elected 178 members, and all other parties elected sixty-seven. With respect to the strength of the parties, the Liberal party had a total of 2,076,394 votes, and the opposition parties had over 300,000 more votes than did the Liberal party. The opposition parties had 2,386,856 votes.

Then in the 1940 election the Liberal party elected 184 members, and all others elected sixty-one. That year the Liberal party had a majority. They had 2,513,524 votes, and all others had 2,082,221. All of that indicates that there is something seriously wrong with a system whereby a parliament is elected with a majority of members who do not represent the majority in their constituencies. I think the time has come for a serious consideration of the whole problem, with a view to arriving at an electoral system that will deny the existence of the anomalous conditions that prevail today. But a system of itself is not sufficient. Some-

thing must be done to arouse the people to a realization that only through the exercise of the vote will they in fact determine the continuance in our country of the democratic system.

I could refer to the votes in certain cities. I think of the situation in the city of Toronto in the municipal field, where in 1939 44 per cent of the voting strength voted; in 1940 the figure had fallen to 36 per cent; in 1941, to 21 per cent; in 1942, to 19 per cent, and in 1943, to 17 per cent. Since then, it has gone up slightly. But that indicates an apathy on the part of our people which cannot be improved, however we change the electoral law.

I feel that we in this parliament should give consideration, first, to a method of electoral reform which will assure that the majority shall in fact determine the outcome in each constituency; and, second, that we should arrive at a plan in this parliament, whether by way of the compulsory vote or otherwise, whereby our people will be required to discharge their responsibilities. I know on the part of some the answer to that suggestion will be that if they are not sufficiently interested to vote, they do not deserve the vote. However, that is not an answer. Education of itself has not been sufficient. Whether the compulsory vote is the means whereby we shall in fact secure a greater interest in the exercise of our democratic rights is, of course, open to question.

I do not intend to deal with the recent election in Ontario, but there is no doubt about one fact. Because the election was held on a holiday, many thousands and tens of thousands of people in this province utilized the benefits that flow from a holiday, and in doing that they failed to discharge their responsibilities as citizens within the province.

I think one responsibility we have is to assure that whatever government gets into power in this country shall in fact represent the majority. Whether the single transferable vote is the means by which to secure that end, I am not at the moment advancing any argument. But I am saying that the matter should be studied. Something should be done between now and the next federal election, with a view to assuring that whatever government is elected will be representative of the people in all parts of Canada.

Mr. MacINNIS: Inasmuch as considerable debate has taken place on this clause and since my party has been drawn into it, I think I ought to say something. It is strange to note the extreme urgency to have something done at this time. I am not surprised that the hon. member for Lake Centre should feel that urgency, because I understand that he attended a meeting of the Progressive Conservative party held in Manitoba last week, and that in this critical period in the history of our topsy-turvy world the most important question at that meeting was how they could best prevent the C.C.F. from getting more seats, either by staying in the coalition or by running separate members.

Mr. HODGSON: Hear, hear.

Mr. MacINNIS: The hon. member says, "Hear, hear". That is hardly a policy, although it may be a tactic, which is an altogether different matter. As far as this party is concerned, we have never in any of our national conventions gone on record in favour of either the alternative vote or proportional representation. In this house I have personally supported proportional representation, and I think I would accept the alternative vote if it went along with proportional representation.

There are two things that we must keep in mind with regard to proper representation. The first is that the governing party should, as nearly as possible, be elected by, and represent a majority of, the people and not necessarily obtain a majority of the seats. The second thing is that large minorities within the community should have representation in our parliaments and in our legislatures. When the present Prime Minister was speaking about electoral reform from 1921 on, he always associated proportional representation with the single transferable vote. The hon. member for Lake Centre has put many of his statements on record, and I will not deal with them. But what my hon. friends are concerned with is not a proper electoral system that will give proper representation to the people of this country. What they are concerned with is a system that will keep the C.C.F. out of office or out of parliament.

Mr. BLACKMORE: Or Social Credit out of office.

Mr. MacINNIS: The Social Credit party have far more representatives in this house than they would be entitled to under any proper system of representation.

Mr. SINCLAIR: The two are the same thing.

Mr. BLACKMORE: There are not enough for Canada's good.

Mr. MacINNIS: I am not so sure about that. It is a matter of opinion. I will go this far; I will say that the opinion of the hon. member for Lethbridge is just as good as mine.

In 1942 and earlier, but in 1942 particularly, after the elected leader of the Conservative party was defeated in York South by the C.C.F. and after various other reverses took place, a large C.C.F. representation was elected to the legislature of Ontario. The other parties and their public press began to look around for a means of keeping the C.C.F. out of parliament and out of the legislatures.

Mr. FERGUSON: Saving Canada.

Mr. MacINNIS: The Montreal *Gazette*, under date of December 23, 1942, stated editorially as follows:

> The Winnipeg *Free Press*, in a scholarly and informative editorial reproduced on this page, demonstrates once more the advantages of a reform in the electoral system whereby all parties will receive fair representation. This time it brings out a new angle to the argument, namely, that a continuance of the present single-vote method is likely to favour the socialists at the next general election.

There you have the high-minded and public-spirited *Gazette* at its usual high level in dealing with public questions. Various papers elaborated on the same theme. What disturbed me tonight was to find the hon. member for Lake Centre toying with the question of not only making it compulsory that one should go to the polls to cast his ballot, but making it compulsory that one should vote for a candidate whether he wanted that candidate to represent him or not. That is what the hon. gentleman suggested. If there were four candidates on the ballot, one Conservative, one Liberal, one C.C.F. and one communist—he mentioned only three—the voter, perhaps the hon. member for Lake Centre, would be compelled to vote for the communist candidate before his vote would count for any one of the others.

An hon. MEMBER: No different in the last election.

Mr. MacINNIS: That is always the logic of compulsion. The situation must be getting desperate when the hon. member for Lake Centre is so much upset that he has become an advocate of that kind of compulsion in elections.

Mr. KNOWLES: Like telling Tories to vote Liberal.

Mr. MacINNIS: Which one you vote for does not make any difference. A member of the legislature of New Brunswick visited Quebec recently, and when he arrived home he was telling the people of New Brunswick about the parties in Quebec. He said that his great difficulty was to decide whether Duplessis was a Conservative or a Liberal. I can understand that. In this house no one could tell which was which if he did not note on which side of the house they were sitting. The fact of the matter is that a Conservative can move into the Liberal party or a Liberal can move into the Conservative party without sacrificing a single principle or renouncing a single item of policy.

An hon. MEMBER: There are a lot of communists in yours.

Mr. MacINNIS: Do not forget that the C.C.F. is the only party that stated publicly when it was offered the support of the communist party that it did not want it. I see the Minister of Labour across the way, smiling good-naturedly as usual. When the communists were supporting him in Welland in 1942 he did not denounce them; certainly not.

The DEPUTY CHAIRMAN: Order. I hope hon. members will try to deal with this clause instead of getting into a political argument.

Mr. MITCHELL: On a question of privilege, my hon. friend need not try to mislead the committee. I had a communist candidate running against me in the last election. My hon. friend was in the recent provincial election there and none of his crowd disavowed the communists.

Mr. MacINNIS: As a matter of fact, I spoke in Welland in the recent election, and I said everything about the communists that could appear in print. My hon. friend says that he was opposed by a communist in the last election. Certainly they had a candidate in the field, but I was referring to the 1942 election when they were supporting him strongly. I will not go any farther unless my hon. friends drag the communists in. Then I shall have to tell them the story. I shall do it most reluctantly, and only if I am compelled.

The single transferable vote does not assure that the majority of the electors shall be represented in parliament or in the legislature. I notice that my hon. friends did not state what had happened in Manitoba in the election of 1945. Out of a total of 131,603 popular votes, the Liberal-Progressive coalition party, with 36 per cent of that vote, elected twenty-three members to the legislature, or 51 per cent of the seats. The combined opposition, with 64 per cent of the vote, elected twenty-two members, or 49 per cent of the seats.

Mr. DIEFENBAKER: In how many of those constituencies were there three or more candidates?

The DEPUTY CHAIRMAN: I wonder if hon. members would get back to dealing with the principle of the clause?

Mr. MacINNIS: We are told that the single transferable vote is working well in Manitoba. In Alberta, in the 1944 election the Social Credit party, with 55 per cent of the vote, elected all the forty-seven members outside the city where they have proportional representation, while the opposition parties, with 45 per cent of the vote, did not elect a single member. Surely that 45 per cent of the electors were entitled to representation in the legislature?

Mr. DIEFENBAKER: In how many cases in Manitoba were there three or more candidates in the field? In how many cases in Alberta in the election in question were there three or more candidates in the field?

Mr. KNOWLES: Very few in Manitoba, because there was a coalition of Liberals and Conservatives.

Mr. MacINNIS: I cannot tell my hon. friend, because I have not that information here. But the fact is that he has been stating in this committee that the alternative vote is working well in those two provinces.

Mr. MUTCH: Does my hon. friend deny that the single alternative vote does give the voters within the constituency unit a candidate who is representative of the majority?

Mr. MacNICOL: It does nothing of the kind.

Mr. MUTCH: I am asking my hon. friend.

Mr. MacINNIS: As the hon. member for Lake Centre pointed out, it depends upon how they mark their ballots.

Mr. MUTCH: If they do not vote, they do not care.

Mr. MacINNIS: What you are contending, though, is that it will give proper representation, and I am saying that is not necessarily so. Proper representation in our parliament and legislatures is desirable, but let us face it in the proper way. The purpose is to give the people the representation they are entitled to. It is not just a matter of saving our own political skins.

Mr. MacNICOL: I hate to take up the time of the committee to do it, but I imagine it has to be done. Nothing new has been put forward tonight in connection with the matter of voting. There is nothing new in the request to try to change the voting system. In many countries for many years they appointed commissions and committees, numbers of them. England appointed three altogether; France appointed two, Ontario appointed two. I could go throughout the world, and give the numbers. In Australia the federal government appointed two, and New South Wales also appointed two. They were trying to ascertain some way to change from the present system of voting, which some people call the first past the post voting system, but which is ordinarily rightfully called the majority system.

Other countries have tried other systems. And, just so that the record will be straight, I should like to mention a few of the voting systems. England, Spain and Portugal, following the year 1867, tried to obtain what the hon. member for Winnipeg South likes to allege the alternative vote does; that is, obtain a majority of the votes. It does nothing of the kind, as I shall show in a moment or two.

They adopted and tried out what is called the limited vote in three-member or five-member ridings, set up purposely to try out the system. The limited vote meant that a voter could not vote for three, but that he could vote only for two. Or, in a five-member riding he could not vote for five, but could vote only for four. The vote was limited. So that there was no such thing as plumping for five or three, as the case may be. In each of those countries the limited vote system was abolished, because it was found unsatisfactory.

The next system tried out was called the cumulative vote. That is now in operation in the state of Illinois. That is the only state in the American union which uses that style of voting. It was adopted there, so that the different nationalities, of which there are many in the city of Chicago, should have representation in the local legislature. For instance, in that city there are thousands of coloured people, Italians, Poles, Russians and others.

In the state of Illinois the state elects three members to the legislature, from each electoral district. You can give the whole three votes to one, if you like, or you can give one candidate two votes and another candidate one vote, or you can give the three candidates one vote each. That is the only place in the world, I believe, where that system is used. It gives satisfaction, so far as minority representation is concerned.

The next system is one which was tried in Colorado. It is called the Bucklin system, which is a point system. There again you have a number of preferences, and if no one candidate obtains more than 50 per cent on the first count, they count the ballots over again and

give each candidate his first, second and third votes, and so on. Those are added together, and whoever gets the highest total votes gets the seat. That has been abolished in nearly every place in which it has been tried in the western United States, and that is the only place it was tried.

Then, in Europe they have tried what is called the second ballot. Theoretically the second ballot is the best of all of them; but in actual operation it does not work out satisfactorily. Besides that, there are two systems of it. The second ballot was tried in quite a number of European countries. France tried it. There are two different systems. Under one system, if an election was held on the 10th of the month in single member ridings and no one candidate in a riding obtained a majority, then a second ballot was held ten days later. The voters are asked to vote for all the candidates over again; only in the second ballot whoever obtains a majority on the second vote is elected. They abolished that, because for obvious reasons it is unsatisfactory.

The next time they tried the second ballot they adopted a system whereby, if no one obtained a majority on the first ballot, then, on the second ballot ten days later they voted only on the two leading candidates on the first ballot. That has been unsatisfactory, also.

It will be observed that ten days later they held a second ballot. Now, some clever gentleman—he was clever; that is all—conceived the idea of doing all that balloting on the one day. His idea was not to have a second ballot, but to give the voter a second balloting or second choice at the same time.

The alternative vote is just a unique and freak system of voting. This is what Fischer Williams, one of the really great authorities in the world in respect to voting, says about the second ballot:

> No country which has tried the second ballot is content with it. Its evils have been one of the determining causes for the introduction and progress of proportional representation.

And at another page he says that the alternative vote, which succeeded the second ballot—

> . . . though a great improvement in mechanism, is still in principle only the second ballot in a new disguise.

That is all it is; it is just the second ballot in a new disguise. It allows the voter to vote twice or more on the same day by having a first, second, third, fourth, fifth, sixth, seventh, eighth, ninth or tenth choice, depending upon how many candidates there are in the field.

In an election where they have a choice like that the contest is not between parties.

[Mr. MacNicol.]

They do not concentrate on principles in an election like that. They say, Give me your first choice, vote for whomever you like on your second choice. The reason is that whoever gets the first choice, which is number one in the contingent or alternative vote—and its real name is the contingent vote—or in proportional representation, gets 79·66 per cent of the value of the ballot. The second choice is worth 17·33 per cent. So no candidate asks for the second choice, and much less would he ask for the third choice, because it is worth only a small fraction of the ballot.

The reason is that when a thinking voter goes into the polling booth his mind is made up. He is not a man who has a choice for this or that or anything else. He is not voting to have free water, or anything like that. His mind is made up to vote number one. But if his mind is not made up he would go in and vote number one and two, and, as I said a minute ago, the second choice is worth only 17·33 per cent of the value of the vote.

The contest becomes not an electoral contest, but rather a contest between candidates to try to obtain first choice. This alternative vote has been tried in quite a number of countries. It was recently bodily thrown out of Australia for federal senate elections, where it was a disastrous failure. In Australia, under the alternative vote, or the contingent vote as it is called, they elected their house of representatives. But they threw it out, and they now use another system. They elect their senate under the alternative vote. In recent years in Australia in an election they elected eighteen senators, three from each of six states. Eight hundred and sixty thousand votes elected seventeen senators—someone will say that is fair representation—and 820,000 votes elected one senator. Then, 178,000 did not elect any senators at all. There were three different parties.

All these freak systems of voting have many defects, and they all fail in practice. Someone has said that we must have electoral reform. It is not electoral reform we want. No electoral reform is superior to the one man, one vote majority system. When you go into the voting booth you know whom you are going to vote for, and you vote for him.

What we want and cannot get in this country, and perhaps for two or three more redistributions, is equal voting strength for every voter. For instance, in my riding with a population of approximately 70,000 there are about 45,000 voters. But I know of a riding with less than 20,000 population, and less than half of them vote. That is not fair representation.

But that is not the fault of the system of voting. How are we to overcome it? I did make some suggestions when redistribution was being considered, but I am not making them now. There is no other system of voting as simple as our system of voting.

Has the alternative vote failed in those two western provinces? I shall come to them in a oment.

The next proposal was to have proportional representation. I am sure that any man here who would advocate the alternative vote would agree that proportional representation is a better system. But you cannot get it.

Mr. SMITH (Calgary West): I do not think it is a better system.

Mr. MacNICOL: Authorities say it is the better system.

Mr. SMITH (Calgary West): Including the hon. member for Davenport.

Mr. MacNICOL: You are always pretty smart in your expressions, but smartness does not add anything to a debate. I made a statement a moment ago and I stick to it. Authorities say proportional representation is the better system of those two.

Mr. SMITH (Calgary West): I said I did not agree.

Mr. MacNICOL: You said more than that.

Mr. SMITH (Calgary West): No.

Mr. MacNICOL: Yes, you did. You implied that I was an authority. If my hon. friend will just leave me alone until I get through he can talk all he likes.

Mr. SMITH (Calgary West): I think I had better.

Mr. MacNICOL: The Ontario government brought in its bill for proportional representation in 1923. The bill was not passed but it called for different counties to be merged. As examples, two ridings were proposed; one comprised Waterloo, Oxford and Brant; in the other, Lanark, Leeds, Carleton and Grenville were put together as one seat. You can see plainly that these counties would not have it and the members of parliament would not have it. That is proportional representation as they were going to have it in Ontario. In the west they have it in only two places in Alberta, in Calgary and Edmonton, and in Winnipeg, in Manitoba. Winnipeg has ten seats, and Edmonton and Calgary, five seats each. We would not like a system like that in our province. The results were not too good for some of us last time, although they were all right for some others.

I am going to say a word about the results of the alternative vote in Alberta. I am sorry to take so long, Mr. Chairman, and if I were in your place I would be tempted to call "Order". We have had three committees in Canada and held exhaustive inquiries, summoning experts to explain the transferable vote, but we have never adopted it. It should be thrown out now holus-bolus.

In the province of Alberta, in their last five general elections, there were 241 seats in the total, and in those 241 seats, on counting the second choices of the low candidate where it was necessary to do so, only six changes were made—six changes in 241 seats! That is a terrible price to put the province of Alberta to for such nonsense. If they had counted third, fourth and fifth choices it would have been even worse. In Pincher Creek, Alberta, three men were running. H. Bossenberry, Liberal; E. G. Cook, U.F.A.; R. O. Allison, Conservative. Bossenberry got 592 first-choice votes; Cook, 542, and Allison, 471. Not one of them got an absolute majority. So they counted the ballots of the low man over again, and the majority of the second choices of Allison's votes went to Cook, who, although he was in a minority on the first count, was declared elected over the man who had got most votes on the first count. We do not want that kind of system in Canada. Had they counted the ballots of Bossenberry and Cook over again, there is no telling who would have been elected. That is why I say to the hon. member for Winnipeg South that the alternative vote does not elect anyone by absolute majority, unless he gets a majority on the first ballot or on the counting of all ballot second choices.

An hon. MEMBER: Carried.

Mr. MacNICOL: Pardon me; it is not going to be carried for a moment. This thing might as well be disposed of and flattened out now. As I have said, we have had three committees inquiring into the single transferable vote, and it has been thrown out every time on the advice of experts.

To go a step further, the state of New South Wales had the alternative vote. It was one of the first to have it, and after a bitter trial they threw it out. Why? Because it was unsatisfactory. They got fed up with this idea of electing a man by recounting and recounting the ballots. They never would have got through if they had had to count all the ballots a second, third, fourth and fifth time.

Take Manitoba. The results there are just as bad as they are in Alberta. In Manitoba, out of 235 seats, in five general elections, and putting the people to all the bother of counting the votes over again, only four seats were

changed. A lot of good time was wasted just to please somebody's fancy to have a system like this. It has been thrown out in many places, but not in Alberta and Manitoba.

Those who advocate the alternative vote never tell you which system they want. There are five different systems of alternative voting. In Manitoba and Alberta you must vote for one candidate, but you do not have to vote for the others. That is outlawed in the United States. In Australia you had to vote for all the candidates. But that system has been thrown out of Australia. There are several different systems. Which system are you going to try to foist on this country? They must agree on something, and so they advocate the Alberta and Manitoba system, which calls for voting for one candidate only, and then you can do what you like with the others. That is outlawed in the state of Connecticut, in the state of Michigan, in the state of California, and I do not know in how many other states, because, according to the United States constitution, every vote must have the same value and it does not have the same value when in the one case you can vote for only one candidate, in another case you can vote for two, and in another case vote for three candidates or more. That makes a differentiation in the value of the votes, of one vote as against another. Therefore it is rightly outlawed, and it should be outlawed here.

The other system, the proportional transferable vote system is superior. It has some merit. But it, too, has been tried in many different places and thrown out; for instance, thrown out in Kalamazoo, Michigan; in New South Wales, Australia; in Toledo, in New York, in Cleveland and in Edmonton. It has been thrown out of Saskatoon, out of North Battleford, out of New Westminster, out of France and out of many other places. Why do we want to bother with this thing, Mr. Chairman? Anybody going in to vote does not want to be pestered with one, two, three, four choices. I always know for whom I am going to vote. I am not going to vote for free trade and protection at the same time. The people should know for whom they are going to vote. I could go on indefinitely. I have a lot more to say but I shall keep it in case somebody else speaks on this matter.

Mr. SMITH (Calgary West): I am sure it must be very interesting for those of us who come from Alberta to find how badly our system is working. As a matter of fact, I know of no one in Alberta who thinks it is working badly. But perhaps it is necessary for us to come here and listen to the experts tell us that we are all crazy and that we do not know what we are doing. However, we shall plod along in our own usual way, in spite of the experts and the kindly advice that we get here. I think it cannot be said of me, in any event, that I have become concerned because of recent political events in the elections in the Dominion of Canada and in the province of Alberta, because I did, standing where I now am, advocate this system of voting long before any of those elections were ever thought of.

[Mr. MacNicol.]

I want to put this to hon. members, because we now have all these fractions, 70 odd per cent, 17 per cent and so on introduced, and I make this broad statement. Except for those of us who were nominated by acclamation by our parties, or where there was only a two-person contest, we were all nominated by the very principle embodied in the single transferable vote. In other words, if four people stand for nomination at a convention of any of our parties, the system invariably adopted is that the low man drops. We vote again and the next man drops, and we vote again until some person has received a minimum of 50 per cent, plus one vote of those in attendance. It might be said that you will get more than 50 per cent. Yes, you do. Therefore I emphasize the word "minimum". That is what the single transferable vote is, although in this case you have a ballot given you which gives you those alternative choices, without going through four or five votings as we do in any party convention that any of us have ever attended. That is the principle of the single transferable vote. It undertakes that all persons voting have a choice between the last two persons to be voted on. That is what it is. It means that every person voting has a choice between the winner and the runner-up. Can anyone suggest anything wrong with it? I do not mean these complicated fractions and percentages; but if we reduce the thing to its bones, to its very simple form, that is exactly what it is.

I do not intend to discuss or compare proportional representation with the single transferable vote. It does not apply to the same circumstances at all. Proportional representation is used only where you have a multiple-member constituency. The best example is any city which has not adopted the ward system. We heard that it was thrown out of here and thrown out of there. The answer is that the burghers and the voters of that city went back to the ward system and preferred to elect their members by that method. I will go along with my hon. friends over here that in multiple constituencies it does guarantee that the minorities have representation. I am not quarreling with that. We have it in our city, but it is something which is complicated.

What I am so anxious to make plain tonight is that what those of us who favour this are seeking is simply that the person who comes here—I am a minority representative from Calgary West, and 148 others of us are in the same position—will undertake that when we come to parliament we shall have a majority of the persons who vote voting for us as against our nearest and our last opponent. That is what this thing is, and it means nothing more than that. It is not complicated in any sense whatever, except to give every voter a choice between the last two persons, exactly as is done in the conventions where we are nominated by our parties to run for office in this dominion parliament.

I want to use the illustration used by my honourable, able and kindly friend, the hon. member for Davenport, who got annoyed at me a moment ago. In the constituency of Pincher Creek there were three men running, Cook, Bossenberry and Allison. On the first count neither of the three had a majority. Then Allison, who, I think, belonged to my party—I am not sure—had the lowest number of votes of the three. In the meantime, as the hon. member for Davenport said, Bossenberry was running ahead of Cook. But when they counted the No. 2 votes of Allison, who dropped out, it meant that Cook had beaten Bossenberry, and it meant taking the minority man and giving him the majority. Why should that not be? The decision was then between Cook and Bossenberry, and the majority of the voters wanted Cook.

How can we here who believe in democracy and who do much talking about majority rule, conceding that to be the principle upon which we operate in a democracy, quarrel with the idea that the persons who come here should have a majority of the votes of the persons who are sufficiently interested to vote? How anyone who believes in democracy can put up an argument against that is quite beyond me. I think the difficulty is this, Mr. Chairman. You have heard of our province, I am quite sure, starting some rather original things politically and in many other ways. It is so easy at a distance to say we have that crazy system of the single transferable vote. I have talked to a goodly number of members privately about this matter. I say it is not blameworthy on their part, but I found a number whom one might think would think otherwise who simply did not understand the system. It is the simplest thing in the world. I guarantee one thing, namely, that he who represents the people of a constituency will be sent here to represent them by a majority of the people in that constituency, and it means nothing else.

Mr. FAIR: I am glad to know there are so many members who are interested in the way in which Canadians vote. I think the privilege of the ballot is being abused, and before it is too late we should have some reform in the method of voting. I do not think the majority of the people are satisfied with the single "X" marked on the ballot. I am sure that when the single transferable vote is properly explained to them we shall have no trouble whatever in carrying that system into effect. I wish to give notice now that at the next session I intend to introduce a bill dealing with this matter. If it should so happen that I am not returned at the next election I have no doubt there will be somebody else here who will take steps to introduce legislation to bring about the desired result. I hear a C.C.F. member saying something under his breath. I have nothing to fear from that quarter, when a C.C.F. candidate loses his deposit in my constituency.

Section agreed to.

Sections 26 to 36 inclusive agreed to.

On section 37—Who may vote at advance polls.

Mr. CASE: I suggest that the application of this section should be considerably broadened, inasmuch as I take the position that the advance poll exists for the convenience of those who desire to cast their ballots. In the recent Ontario elections, while advance polls were held in my constituency, members of parliament were not allowed to vote at an advance poll, which necessitated their remaining over until the following Monday to cast their ballots.

There is one comparison I would make between the provision contained in this section and a similar provision in the Ontario act. Here it refers to commercial travellers. They leave out the word "commercial." The term "traveller" would be sufficient. I do not see why it should be qualified by the word "commercial." I wonder if this section could not be broadened in its application with respect to those who may vote at advance polls. A good citizen who, of necessity, must be absent, either on business or for some other reason, desires to cast his ballot in any event. There might be some danger of impersonation in the larger centres; but in the majority of cases, if a citizen applies for the right to vote at an advance poll, I think the section should be broad enough to enable him to cast his ballot, if he knows he will be absent on election day. I suggest to the minister that he remove the word "commercial" and simply leave it "traveller."

Mr. GIBSON (Hamilton West): This question was considered carefully by the committee at two of its sessions, and it was recommended that it be left in the present form. I think it should stay in the form in which it was brought in.

Section agreed to.

On section 38—Examining and sealing ballot box.

Mr. FRASER: I think there should be something in this section to impose a penalty upon a returning officer who opens the box ahead of time, because that has been done in more cases than one.

Mr. GIBSON (Hamilton West): I understand from the chief electoral officer that this is considered misfeasance of duty and there is a heavy fine for such an offence.

Mr. FRASER: Is it in the elections act?

Mr. GIBSON (Hamilton West): Yes.

Section agreed to.

Sections 39 to 48 inclusive agreed to.

The DEPUTY CHAIRMAN: An amendment was made by the committee to clause 7. Shall the amendment carry?

Amendment agreed to.

Section as amended agreed to.

Bill reported, read the third time and passed.

SUPPLY

Hon. ALPHONSE FOURNIER (Minister of Public Works) moved that the house go into committee of supply.

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

DEPARTMENT OF NATIONAL HEALTH AND WELFARE

245. Departmental administration, $623,428.

Mr. WHITE (Middlesex East): I wish to bring to the attention of the minister a matter in which my riding is interested. In that riding, and I suppose in many others, there are certain governmental institutions—I am referring particularly to Westminster hospital—and from time to time employees of that institution, sometimes transient employees who have been there for only a short time, perhaps three months, become a charge upon the township. During all their lifetime they have not contributed one cent of taxes to the municipality, but they become a charge upon it. I understand that in the case of Chalk river, the municipality was not able to carry the burden of this hospitalization and care of transient labour that came in to build up the Chalk river plant.

Hon. PAUL MARTIN (Minister of National Health and Welfare): I do not wish to interrupt my hon. friend, but of course he appreciates fully that the Westminster hospital does not come under this department.

Mr. WHITE (Middlesex East): No. The point I am coming at is this. While Westminster hospital does not come under the minister's department, the Prime Minister has proclaimed a great health scheme for the dominion. If it is to be as far-reaching as we are led to believe it is to be, surely a place for it to be made operative is where municipalities do not receive any taxes from these government institutions, but are required to take care of their employees. For instance, if a corporation of some kind had a business employing as many people, with as many millions of dollars invested in it as are invested in Westminster hospital, it would be contributing a large sum of money to the municipality by way of taxes. Not only that, but some of the people who are employed in this hospital send their children to the schools in the municipality. Yet in 1946 all the taxes the municipality of Westminster received from the hospital was $161 and some cents. Some provision should be made in cases like that particularly.

I know of several cases in which employees have contracted tubercular diseases, and it has been necessary for them to receive care at the sanitarium. Then, after they were discharged from the sanitarium, they required further care for some time while they were at their homes. This has become a burden on some of the municipalities. In this health plan the Prime Minister is bringing before the country, surely there is some way whereby that matter could be taken care of. I should like to hear what the minister has to say about it.

Mr. MARTIN: I simply want to point out that the Chairman ruled, when these estimates were first discussed, that consideration of matters involved in the new health plan must await the presentation of the supplementary estimates.

Mr. FLEMING: The minister indicated earlier that, without specific request, he would on each item give the actual expenditure in the previous year.

Mr. MARTIN: Yes, that is right. The expenditure was $524,503.56; unliquidated commitments, $20,824.98; total commitments, $545,328.54.

Mr. FLEMING: An increase of about $92,000.

Mr. MARTIN: Yes.

Item agreed to.

National Health Branch—

246. National health branch administration, $122,823.

Mr. JAQUES: I should like to put on the record a quotation from a letter which I received from a constituent of mine who is a victim of arthritis. I know this lady. She is one of the pioneers of the west. She says this:

> I am a widow and am crippled with rheumatoid arthritis. My life savings are nearly gone, and I have no income. I know several others who need help too. It would be a great blessing if we could even have a small pension, and save us from a lot of worry.

I know, of course, that financial relief does not come under the department of the Minister of Health and National Welfare; but I wanted to put that on the record because, as was said the other night by other speakers, at the present time arthritis is incurable. There are thousands, and maybe hundreds of thousands of victims of this disease who are situated as is this constituent of mine. I do not think I have ever read a more eloquent appeal than that. Let me read it again:

> I am a widow and am crippled with rheumatoid arthritis. My life savings are nearly gone and I have no income.

I merely wanted to bring that to the attention of the committee, in the hope that something can be done for the victims of this crippling disease for which at the present time there seems to be no remedy.

Mr. MARTIN: I shall be glad to take into consideration what the hon. member says. The expenditure on this item was $118,005.99; unliquidated commitments, $35,398.94; total commitments, $153,405.93.

Mr. FLEMING: I wish to say a few words with regard to item 246, national health branch administration, and my remarks probably apply to the next item or two as well. There has been some consolidation of this and the next couple of branches in the departmental administration. I recall that on March 10 a statement was given, in reply to a question, that the food and drug division, the proprietary and patent medicine division—

Mr. MARTIN: The hon. member is on the next item.

The DEPUTY CHAIRMAN: Is the hon. member speaking on item 246?

Mr. FLEMING: Yes.

Mr. MARTIN: We are on item 246.

Mr. FLEMING: Yes. My remarks apply to items 247 and 248. The minister has given the expenditure on item 246.

Mr. MARTIN: Yes, but we have not yet passed this item.

The DEPUTY CHAIRMAN: Shall the item carry?

Mr. POULIOT: No. Before this is carried—

The DEPUTY CHAIRMAN: The hon. member is speaking on item 246?

Mr. POULIOT: Yes. The other day I was interrupted in the middle of a sentence by eleven o'clock being called.

Mr. KNOWLES: It may happen again.

Mr. POULIOT: I am greatly interested in this matter. I appreciate what the minister is doing.

Mr. MARTIN: Will the hon. member permit one observation?

Mr. POULIOT: Yes.

Mr. MARTIN: I may be anticipating what my hon. friend has in mind, but does he not think what he is going to say should be said under item 272, welfare branch administration? He is a better authority on the rules of the house than I am, and perhaps he can say whether I am right.

Mr. POULIOT: I may tell the minister that the distinction between health and welfare is very subtle. The cases to which I wish to refer are those people who suffer from infirmities. They must come to health to enjoy welfare. I wonder if the department has established a line of demarcation between health and welfare that is easy to understand. To me the two words are synonymous. Some of the experts on health may be experts on welfare, and vice versa. If there are doctors in the health branch administration and doctors in the welfare branch administration, they all must have made the same studies and reached the same results—to protect the health of the people. Welfare is not intended to make people rich; it is intended to make them healthy. I do not know whether I shall be here when the other item will be up, and I should like to submit this in all friendliness to the committee.

Family allowances come under welfare, because they are paid for young children who may or may not be in good health. Those allowances are paid according to age, but those who are sick do not receive any more than those who are well. The rate is standard

for all. That may be called welfare. Old people receive old age pensions, not because they are sick but because they have reached a certain age and are in need. The case I want to bring to the attention of the committee is that of people who suffer from infirmities.

These people are not exceedingly numerous and there would not be more than a few thousand in Canada. They suffer from disabilities and deficiencies which make life much harder for them. Nothing is provided for their assistance. The other day the hon. member for Macleod made a remarkable speech about incurables. There is a gap in our social service system. We hear a lot about social service; everybody is talking about it, and everybody thinks the government has a horn of plenty to satisfy the needs of all.

Old people may receive something if they are needy and are over the age of seventy years. The young receive something until they reach the age of sixteen years. The blind are assisted between the ages of twenty-one and seventy years. Along with the blind who are not between the ages of sixteen and twenty-one, those who suffer from infirmities receive no assistance from the ages of sixteen to seventy years.

Mr. HERRIDGE: They do in British Columbia.

Mr. POULIOT: I accept what my hon. friend says about British Columbia, but I do not know whether it is done in any other province. The hon. member for Terrebonne and the hon. member for Compton placed resolutions on the order paper to provide assistance for those between the ages of sixteen and seventy years who were suffering disabilities. They felt that the state should come to the assistance of those who could not look after themselves. If we accept the principle that the community must come to the assistance of its members who need it, why overlook the neediest cases? Just about a month before Christmas the great New York paper, the New York *Times,* devotes its front page to describing the neediest cases in the city. Some of those cases come under welfare, while others are health cases.

I had a survey made by the health unit of my constituency—this should be made in every constituency in the country—to find out those who needed the help of the state but could not reach the state, either because they lived in the back country and were not in contact with the authorities, because they were too shy to leave their homes, or for other reasons. These people all deserved special consideration. For a time this type of person was looked after by private charity. Private charity has accomplished marvels in this country. One has only to note the magnificent institutions erected in our cities and towns by private charity for the welfare of our fellow citizens.

But taxes are high and those who are ready to give sometimes find that they cannot give as much, because it is hard for them to make both ends meet. If we accept the principle that the state must help those for whom private charity can no longer provide, we must first look after those whom we might term the deserted of life, les désherités de la vie. These people do not have the same standard of living as the average Canadian citizen because of their disability or handicap which prevents them from earning a living for themselves and their families. And two or three years—if I remember correctly it was in 1945; it was either 1945 or 1946—

Mr. MARTIN: It was last year.

Mr. POULIOT: No, it was before that—there was a resolution sponsored by the hon. member for Terrebonne. I supported it, and it had the support of all members of the house. The hon. member for Portneuf supported it, and made an excellent speech on that occasion.

Mr. MARTIN: I was referring to your own suggestion.

Mr. GAUTHIER (Portneuf): Last year it was the hon. member for Compton.

Mr. MARTIN: I was referring to the speech of the hon. member for Temiscouata.

Mr. POULIOT: I know it was a good debate, except for one speech, and that was the speech of the then minister of national health and welfare, the predecessor of my hon. friend the present minister. I was scandalized when I heard him say it was impossible to provide anything for the assistance of those who suffer from personal disability. I was both scandalized and shocked. I said it the other day. *Hansard* has reported me differently; but this is what I said; I was heard to say it, and I repeat it: How is it that we can send $20,000,000 to the children of Europe, but we cannot provide for our own people who are sick, who have not the means to go to the hospital and who have not the means to recuperate? What an absurdity!

I am all for helping those in other countries who are suffering; but how is it that we keep black spots in each constituency of this country? I could read the figures for my constituency. They are sad, but they are no sadder than those of any other constituency. They are the same. There are dwarfs in any constituency. There are people who have

lost their hands in sawmill accidents. Even sometimes in sliding they have broken legs or arms. Sometimes sports are responsible for these human deficiencies.

When people are poor and live in large families they cannot attend so well to those who have suffered. Those people should be given at least the same as is paid to the aged, because they suffer deficiencies that are sometimes worse than those suffered by the old people. That is easy to understand. But when I heard a minister of the crown daring to say in the House of Commons that the country had not enough money to look after those people I was most indignant.

I appeal to the good heart of the present Minister of National Health and Welfare. I hope he will not wait for the millennium to correct that absurd situation. This is the time to do something. It is most urgent because, when an injustice exists somewhere, whether we call it a social injustice or just an injustice, we should attend to it. I cannot see the difference between social justice and justice. When justice exists it is social justice. It is not necessary to use the word "social," because it is just justice. And when injustice exists it is not only injustice but social injustice.

When we think of any country with natural resources in the abundance in which we have them, a country in which there are people who suffer and who are ignored completely by the state, one is reminded of the parable of the good Samaritan. So many passed by and paid no attention to the man who was lying sick along the roadside. They were passing by, giving him the cold shoulder.

Those people may not be well enough to vote; they may not be able to leave their homes. Sometimes they cannot, because they have not the means to buy proper clothing to protect them against the rigours of our winter climate. Sometimes they cannot go out, because they are too sick and are unable to walk. Sometimes they are ashamed of their disabilities and do not leave their homes, because they would feel uncomfortable in meeting other people.

I must praise highly the health units of the province of Quebec which have accomplished marvels in our part of the country.

Mr. GAUTHIER (Portneuf): Hear, hear.

Mr. POULIOT: I am delighted to hear the hon. member for Portneuf, who is a distinguished member of the medical profession of this country, give his approval to what has been said about those people who belong to the health units of the province of Quebec, and who are afraid of no weather when they go out to look after those who need medical attention. Many times contagious epidemics have been stopped because of the devotion and sense of duty of the nurses, those fine young girls who go out in the blizzards of winter to look after the children at school, to vaccinate them and help them. Sir, let me remind you—

The DEPUTY CHAIRMAN: Order. It is eleven o'clock.

Item stands.

Progress reported.

BUSINESS OF THE HOUSE

Mr. FOURNIER (Hull): Tomorrow we shall consider Bill No. 345, to amend the Tariff Board Act; Bill No. 346, to authorize the provision of moneys to the Canadian National Railways system; the resolution in the name of the Secretary of State for External Affairs to amend the Diplomatic Service Superannuation Act; Bill No. 347, to amend the Railway Act, the Exchequer Court Act and the Judges Act, 1946; Bill No. 348, an act respecting the Revised Statutes of Canada. Then we shall move to go into supply to take up the estimates of the departments of National Health and Welfare, Trade and Commerce, Reconstruction and Supply, Veterans Affairs and Agriculture.

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

[The following item was passed in committee of supply]:

DEPARTMENT OF NATIONAL HEALTH AND WELFARE

245. Departmental administration, $623,428.

HOUSE OF COMMONS

Wednesday, June 16, 1948

The house met at eleven o'clock.

PRIVILEGE

MR. DECHENE—REFERENCE TO REPORT IN EDMONTON "BULLETIN" OF FEBRUARY 26

Mr. J. M. DECHENE (Athabaska): Mr. Speaker, may I rise to a question of privilege? I shall be as brief as possible. I do not think anyone can accuse me of ever taking up the time of the house, or of the committees, uselessly. That may be because I have reached the age where I realize the value of time and the reasons for not wasting it. Therefore I shall not encroach on it now, nor shall I encroach on eternity, as is sometimes done in this house.

What I am going to speak about is some thing that has just come to my knowledge, although it happened several weeks ago. A friend of mine in Athabaska sent me a copy of the Edmonton *Bulletin* of February 26, 1948, on the front page of which appears in big block letters, "Fear of Reds silences M.P. in sabotage plot." That refers to me. Underneath the headlines the article appears. I have never been afraid of anybody, neither reds, this man, nor the group he represents. This article is an entire fabrication. I have only one word to describe it, and what it did to me. The man who wrote this is a liar. I hate to use that language. I shall not lose my temper, Mr. Speaker, but in the last election in Athabaska a communist candidate ran. He received more votes than the Conservatives did in Athabaska in 1945. While I abhor communism and everything it stands for, I have many good friends among these people in Athabaska, whom I consider to be more reliable and more dependable than the man who wrote that article without any basis of truth in it. Unless it is corrected, the man who wrote the article should be called before the bar of the house. The paper which published the article should retract it with the same prominence as to heading and type that was used when it was published.

The man who wrote this article asked me for an interview, which I refused. I told him I had nothing more to say. I asked him to look up *Hansard,* and if he had anything to say about what I had said he could use *Hansard* as the basis for his remarks. In spite of my refusal to grant an interview this article was published. That is my point.

EXTERNAL AFFAIRS

SECOND REPORT OF STANDING COMMITTEE

Second report of standing committee on external affairs—Mr. Bradette.

REFERENCE OF CERTAIN ESTIMATES TO COMMITTEE OF SUPPLY

Right Hon. L. S. ST. LAURENT (Secretary of State for External Affairs) moved:

That items 52 to 67, both inclusive, of the estimates for 1948-49, approved and reported on by the standing committee on external affairs, be referred to the committee of supply.

Motion agreed to.

QUESTIONS

(Questions answered orally are indicated by an asterisk).

DIEPPE AND HONG KONG—RECOGNITION OF MEMBERS OF ARMED FORCES

Mr. BROWN:

What consideration is being given and action taken in striking a medal or giving other special recognition to members of the armed forces who participated in military engagements at Dieppe and Hong Kong during world war II?

Mr. LAPOINTE: Members of the armed forces who served in the Dieppe operation are granted the 1939-45 Star, and those who served at Hong Kong are granted the 1939-45 Star and the Pacific Star. It was not the practice of this or other allied countries in the second world war to issue service medals especially in respect of any particular engagement.

In this connection it may be pointed out that in addition to the award of Campaign Stars, special personal recognition was given to personnel who served in the Dieppe operation and at Hong Kong as follows:—

Dieppe—

Victoria Cross	2
Distinguished Service Order	19
Military Cross	29
Distinguished Conduct Medal	20
Military Medal	65
Mentions-in-Dispatches	150
Total	285

Hong Kong—

Victoria Cross	1
Distinguished Service Order	2
Military Cross	7
Distinguished Conduct Medal	2
Military Medal	12
Mentions-in-Dispatches	29
Total	53

The following awards were granted for outstanding service by Hong Kong prisoners of war while in prisoners of war camps:

Officer of the British Empire	1
Member of the British Empire	6
Distinguished Conduct Medal	2
Military Medal	1
British Empire Medal	3
Mentions-in-Dispatches	31
Total	44

MONCTON AIRPORT

Mr. BROOKS:

1. Is the work being done in paving the runways at the Moncton airport under contract or on a cost plus basis?

2. If under contract (a) what firm is doing the work; (b) what is the amount of the contract?

3. Has a separate contract been given for the purchasing and hauling of the necessary gravel for this work?

4. If so (a) who is the contractor; (b) how much is being paid per yard for the gravel; (c) what distance is the gravel being hauled and at what price per yard?

Mr. WINTERS:

1. Under contract.

2. (a) The Rayner Construction Co., Leaside, Ontario; (b) $666,227.75.

3. No.

4. Not applicable.

EMPLOYMENT—MARITIME PROVINCES

Mr. STANFIELD:

1. Has the Department of Labour offered or assisted in securing employment in other provinces of Canada for persons in (a) Nova Scotia; (b) the maritime provinces during the calendar year 1947 and 1948 to date?

2. If so, how many persons left (a) Nova Scotia; (b) the maritime provinces to take up positions in other parts of Canada?

3. What provinces did they move to?

4. How many persons left (a) Nova Scotia; (b) the maritime provinces to take up residence in the United States?

Mr. COTE (Verdun):

1. Yes. The national employment service has a clearance system whereby vacancies that cannot be filled locally are notified to areas where there is a surplus of applicants for employment.

[Mr. Lapointe.]

2. Total for all the maritime provinces, 7,740. Total from Nova Scotia included in above, 5,607.

3. The figures given are for all transfers. To show specific information as to where transferred would necessitate detailed examination of 7,740 records. *Hansard*, page 1283, of February 17, 1948, summarizes the movement. Some were transferred within the maritime provinces, most to Ontario but some to provinces of Quebec, Alberta and British Columbia.

4. No information is available to answer parts (a) or (b) of this question.

HARNESSING OF BAY OF FUNDY TIDES

Mr. BROOKS:

1. Has the government or any department thereof received any communciation from the United States department of the international boundary commission recommending the joint investigation of the possibility of a Canadian-American endeavour to harness the tides of the bay of Fundy at Passamaquoddy?

2. If so, what was the nature of the correspondence and what action, if any, does the federal government intend taking?

Mr. ST. LAURENT:

1. On May 21 I received from the United States charge d'affaires in Ottawa a communication regarding the Passamaquoddy tidal power project.

2. In his note, the charge d'affaires inquired whether it would be agreeable to the Canadian government to make a joint reference of this project to the international joint commission for investigation, exploration, survey and report as to its practicability, public convenience and necessity. He added that draft terms of reference would, in due course, be forwarded to the Canadian government for consideration. I replied on May 29, noting the proposal that this matter be studied and that draft terms of reference will be forthcoming and indicated that the proposal for a reference to the international joint commission would receive careful consideration by the appropriate Canadian authorities.

DEPARTMENT OF MINES AND RESOURCES—D. A. MACDONALD

Mr. WHITE (Middlesex East):

1. Is D. A. MacDonald employed by the Department of Mines and Resources as a forester?

2. If so, what is his position?

3. What is his salary?

4. What are his qualifications?

5. How long has he been with the department?

6. Does he attend conventions on behalf of the department?

7. If so, what conventions has he attended since 1945?

8. Did he return reports to the department from these conventions?

9. Did he suffer an accident while returning from Calgary in February, 1948?

10. If so, what was the cause of his accident and how long was he off duty?

Mr. MacKINNON:

1. There is a D. A. MacDonald employed by the Department of Mines and Resources as a forester.

2. Acting dominion forester.

3. $6,000 per annum.

4. Graduation in forestry—B.Sc.F.; wide knowledge of forestry and forest conditions throughout Canada.

5. Thirty-four years.

6. Yes.

7. Annual conventions of Canadian Pulp and Paper Association and Canadian Lumbermen's Association.

8. Yes.

9. No.

10. Answered by No. 9.

CANADAIR

NEGOTIATIONS WITH B.O.A.C. FOR PURCHASE OF NORTH STAR AIRCRAFT

On the orders of the day:

Mr. L. W. SKEY (Trinity): May I address a question to the Minister of Reconstruction and Supply? Has the minister any information about a contract between Canadair and the British air line regarding the purchase of a considerable number of North Star aircraft?

Right Hon. C. D. HOWE (Minister of Reconstruction and Supply): Negotiations have been proceeding for a period of some months between Canadair—which as my hon. friend knows, is a private Canadian company —and British Overseas Airways Corporation. I am told that the negotiations are now approaching finality. The Canadian government has been giving Canadair such help as it could. The Canadian government regards it as very important to Canada that we obtain the contract if at all possible; for it means keeping one of our key aircraft plants in active operation. The Canadian plane has a British power plant, which was put in as a measure of co-operation with the British government, and we believe the aircraft is the equal of any aircraft flying today. We are also of the opinion that there are many compelling reasons why the business should come to Canada. However, the contract has not been completed. That is all I can say at the moment.

Mr. SKEY: It is not true to say that the contract is already lost to a United States company?

TOURIST INDUSTRY

QUESTIONING OF UNITED STATES CITIZENS AS TO EXPENDITURES DURING VISITS TO CANADA

On the orders of the day:

Hon. J. J. McCANN (Minister of National Revenue): Mr. Speaker, on Monday last the hon. member for Muskoka-Ontario (Mr. Macdonnell) asked the following question:

Is it a fact that Canadian officials at the border are instructed to question United States tourists returning to their own country, and to ask them how much money they have spent in Canada and what kind of money it has been? If that is the practice, does the minister consider it wise?

Then further:

Will the minister give definite information later as to whether or not it is the practice?

The questions asked by customs officers at the frontier with respect to the amount of money which the United States tourist has left in Canada have no direct connection with customs, but the action is taken by our customs officers at the request of the Dominion Bureau of Statistics. Two forms are used to report the replies to statistics, and samples of these forms I will hand to the hon. member. The white form E.49 is used where the tourist has been in Canada less than forty-eight hours and where he has not been given a traveller's vehicle permit. The yellow permit form E.50 carries the request for the information on the reverse side.

The customs officer, on completion of the data, is expected to forward to the bureau of statistics either one form or the other for every United States passenger vehicle leaving Canada. The officers are also cautioned in port instructions that where the operator of the vehicle is reluctant to give the information there shall be no insistence, but in such case the form showing the number of persons in the vehicle and the approximate length of time in Canada must in any event be completed.

The officials of the bureau of statistics place considerable value on these returns, and are of the opinion that if the questions are eliminated they will be at a serious loss in compiling their monthly and annual returns.

The bureau gives me the following information:

"This method of obtaining information on tourist expenditures was inaugurated in 1940. It has worked extremely well. Many thousands of tourists answer the questions. The fact that many thousands do not, indicates the voluntary nature of the inquiry. Fifty per cent answer the question. Without this

information, the bureau of statistics cannot make reliable estimates of tourist expenditures. We would only be guessing.

"The information we obtain is used both by ourselves and by the United States government in connection with balance of payments estimates. We have an arrangement with the department of commerce in the United States which is responsible for balance of payments figures in that country.

"We supply them with information on: (a) the expenditure of Americans entering Canada by vehicle; (b) the expenditure of Canadians entering the United States by all means of travel.

"The United States Department of Commerce supplies us with information on the expenditure of Americans entering Canada by train, boat, aeroplane and bus. They give out a postcard questionnaire which large numbers of Americans complete and send to the Department of Commerce on their return from Canada to the United States. This inquiry is also on a voluntary basis".

LABOUR CONDITIONS

SEAMEN'S STRIKE ON INLAND WATERS

On the orders of the day:

Mr. CLARENCE GILLIS (Cape Breton South): Mr. Speaker, I should like to direct a question to the Minister of Justice. It arises out of a press dispatch this morning suggesting that the dispute between the Canadian seamen's union and the great lakes shipping companies has developed into a condition that appears to be spreading to other industries and leading up to civil war. Has this press dispatch been drawn to the attention of the minister? If so, what steps does his department intend to take to prevent the arming of ships, as indicated by the dispatch? This state of affairs will ultimately lead to what I have suggested, namely, civil war, if it is allowed to continue.

The minister indicates that the dispatch has not been drawn to his attention. I sent him notice of the question this morning and a copy of the press dispatch.

Right Hon. J. L. ILSLEY (Minister of Justice): The hon. gentleman's notice has not been brought to my attention, nor have I seen the press dispatch, but I will consider what he has said. I am sure he is familiar with the division of jurisdiction between the provincial and the dominion authorities in matters of this kind.

[Mr. McCann.]

SAFETY OF LIFE AT SEA

RECOMMENDATIONS OF INTERNATIONAL CONFERENCE AS TO KEEPING CONTINUOUS WATCH

On the orders of the day:

Mr. G. R. PEARKES (Nanaimo): Mr. Speaker, may I direct a question to the Minister of Transport, notice of which I have sent him? Has Canada agreed to the provisions accepted at the international conference on safety of life at sea, recently concluded in England, whereby all passenger ships and all cargo ships of more than 1,600 gross tons should keep a continuous watch, either through a human agency or through a human agency assisted by an automatic listening device? This question is of great interest to radio officers on the British Columbia coast.

Hon. LIONEL CHEVRIER (Minister of Transport): I am unable to give a specific answer to the question, but I can say that Canada has signed the convention for the safety of life at sea, subject to approval by this parliament. I have not received a detailed report from the head of the delegation, but I am informed that the convention will not become effective until 1951, and in any event it cannot be realized until such time as fifteen countries have submitted acceptance twelve months before the date I have mentioned.

SOCIAL SECURITY

QUESTION AS TO RECIPROCAL ACTION AMONG COMMONWEALTH COUNTRIES

On the orders of the day:

Mr. ANGUS MacINNIS (Vancouver East): May I ask a question of the Minister of National Health and Welfare? Press reports this morning indicate that the British Minister of National Insurance has been having discussions with other commonwealth countries in regard to reciprocal social security rights. Have discussions been held with the Department of National Health and Welfare of Canada? If so, what has been the result.

Hon. PAUL MARTIN (Minister of National Health and Welfare): There have been exploratory discussions from time to time with various representatives in connection with reciprocal social security benefits. I cannot say more than that at the present time.

CATTLE

EMBARGO ON SHIPMENT TO THE UNITED STATES

On the orders of the day:

Mr. DONALD M. FLEMING (Eglinton): Mr. Speaker, on June 14 I directed to the ministry a question which I should like to renew

now. The Acting Minister of Agriculture was not in the house at the time. The question will be found at page 5154 of *Hansard,* as follows:

In view of reports appearing in the press, will the Minister of Finance or the acting Minister of Agriculture indicate to the house whether the government has arrived at a policy with respect to the removal of the embargo on cattle shipments to the United States? . . . It concerns the consumers who are paying high prices for beef.

The Minister of Finance said that the question should be directed to the Minister of Agriculture. Accordingly I am directing the question now to the acting Minister of Agriculture, who is in the house. Perhaps he has had a word from the fighting front in Saskatchewan.

Hon. ERNEST BERTRAND (Acting Minister of Agriculture): The question is one of policy which the government itself has to decide, and the hon. gentleman will be advised in due course.

Mr. FLEMING: Mr. Speaker, may I ask a question arising out of the minister's answer? Will the house receive an answer to this question before June 24?

BUSINESS OF THE HOUSE

GENERAL AGREEMENT ON TARIFFS AND TRADE

On the orders of the day:

Mr. J. M. MACDONNELL (Muskoka-Ontario): May I ask the Prime Minister a question? Is it possible for him to say now whether during this session parliament will be asked to approve the general agreement on tariffs and trade?

Right Hon. W. L. MACKENZIE KING (Prime Minister): I should not like to give a final answer at the moment, but I should think it would be very unlikely that parliament would be asked to do so.

POSTAL SERVICE

AIR MAIL RATES TO YUKON

On the orders of the day:

Mr. GEORGE BLACK (Yukon): I wish to direct a question to the Postmaster General. A few days ago he announced that air mail rates were to be reduced to the ordinary land mail rates—that is, from seven cents an ounce to four cents. I would ask if that applies to mail in Yukon.

Hon. ERNEST BERTRAND (Postmaster General): It does when we are sending our mail by air.

WHEAT

QUESTIONS AS TO PRICE FOR PRESENT CROP YEAR

On the orders of the day:

Mr. J. A. CHARLTON (Brant): I should like to direct a question to the Minister of Trade and Commerce. In view of his promise earlier this week that he would make a statement today as to the price of eastern wheat for the present crop year, is he prepared to make that statement now?

Right Hon. C. D. HOWE (Minister of Trade and Commerce): I am not prepared to make a statement today. I hope to be able to do so shortly.

FLAXSEED

MIDDLESEX FLAX COMPANY—CONTRACT WITH FARMERS

On the orders of the day:

Right Hon. C. D. HOWE (Minister of Trade and Commerce): I should like to answer a question asked some time ago by the hon. member for Wellington North (Mr. Menary) with regard to certain flax that was sold to the Middlesex Flax Company.

I am informed that the Middlesex Flax Company entered into contracts with certain farmers for the growing of registered and certified flaxseed. The contract price for this flax for seed purposes was different from the commercial price of flax for crushing purposes, which latter has been fixed for the present crop year through the Canadian wheat board. That board's fixed price does not apply to registered and certified seed, which is not marketed through the board.

I am informed also that the quality of some of the seed delivered by growers to the Middlesex Flax Company was below the registered and certified seed standards, and that this flaxseed was delivered by the company in the name of the producers to the wheat board as commercial flax for crushing purposes. The fifty cent bonus has already been paid to these growers.

Mr. LEWIS MENARY (Wellington North): In view of the answer made by the Minister of Trade and Commerce to my question, may I say that last week these men were not paid for their flax. Apparently they cannot get any satisfaction in writing from the company. They were not paid last week end. I do not know whether they were paid this week.

Mr. HOWE: The question whether or not the men were paid depends on whether they

delivered the flax as seed, in which event they would not be paid and will not be paid; or whether they delivered it as crushing flax, in which event they are entitled to a bonus of fifty cents a bushel, which has been paid, according to my advice from the wheat board.

HOUSE OF COMMONS

REFERENCE TO REMARKS IN DEBATE—REPORT IN OTTAWA "JOURNAL"

On the orders of the day:

Mr. JEAN FRANÇOIS POULIOT (Temiscouata): I rise on a matter of personal explanation with regard to a kind and generous editorial in this morning's Ottawa *Journal*. It is entitled, "Mr. Jean François Pouliot called the wrong number."

Mr. MacNICOL: He never does that.

Mr. POULIOT: Calling the wrong number was calling Mr. Hector McKinnon, chairman of the tariff board, a Tory appointee. Then the *Journal* gives the right number as follows:

It is true that his first real promotion in Ottawa (where he had joined the civil service) came from R. B. Bennett.

This is the right number. I will add, Mr. Speaker, that the *Journal* says that Mr. McKinnon is an old-time Liberal. In the civil service there should be no Liberals, no Conservatives, no C.C.F., no Social Credit, no Bloc Populaire, but only public civil servants. That is all they are. The old men should be gotten rid of as soon as they are sworn in.

FLOOD CONDITIONS

FRASER VALLEY—REQUEST FOR CEILING ON PRICE OF HAY—PLANS FOR REHABILITATION

On the orders of the day:

Mr. THOMAS REID (New Westminster): I have two questions to ask in regard to the people in the flooded area of the Fraser valley. One is directed to the Minister of Finance, and is about the price of hay. It has been estimated that some 10,000 tons of hay will be required. Information has just reached me from the Canadian Legion to the effect that speculators are going round the various districts now, offering exorbitant prices for hay, to the detriment later on of the people who have lost their crops. The Canadian Legion would like the minister to give consideration to the placing of a ceiling on hay in that district in order to preserve some semblance of equality and to assist in the rehabilitation later on of the people in the flooded areas.

[Mr. Howe.]

Hon. DOUGLAS ABBOTT (Minister of Finance): I shall be glad to look into the matter at once. Yesterday I received word from General Hoffmeister that the relief commission had authorized the purchase of some 1,500 tons of hay. But I will look into the matter that the hon. member has referred to and see what action should be taken.

Mr. REID: My other question is to the Prime Minister. In view of the uncertainty which prevails in the minds of many thousands in the flooded area, will he be good enough at an early day to make a statement as to the plan outlined and agreed upon between the dominion government and the provincial government for effecting rehabilitation of the people in the flooded area?

Right Hon. W. L. MACKENZIE KING (Prime Minister): I would say to my hon. friend that I made a statement on that very matter a few days ago. I have since been in communication with the premier of the province, and will have a further statement to make a little later.

BUTTER

INQUIRY AS TO RETENTION OF CEILING PRICE

On the orders of the day:

Mr. R. E. DROPE (Northumberland, Ont): I should like to direct a question to the Minister of Finance. Is it the intention of the government to retain the ceiling price on butter? If not, when will it be removed?

Hon. DOUGLAS ABBOTT (Minister of Finance): That action is a matter of government policy, of which my hon. friend will be informed in due course.

TARIFF BOARD ACT

AMENDMENT WITH RESPECT TO TENURE OF OFFICE, APPOINTMENT, ETC.

Hon. DOUGLAS ABBOTT (Minister of Finance) moved that the house go into committee on Bill No. 345, to amend the Tariff Board Act.

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

On section 1—Tenure of office.

Mr. FLEMING: The proposed amendment to section 3, subsection 3, will have the effect of giving to the governor in council power to appoint members of the tariff board for any term whatsoever—

Mr. ABBOTT: Not exceeding ten years.

Mr. FLEMING: For any term not exceeding ten years. But within that time there is no limit on the term for which the governor in council may appoint members. Is that provision not too broad? As I followed the minister's statement two days ago, it seemed to me that the purpose of this amendment was to give the government power to appoint ad hoc members for a particular purpose.

Mr. ABBOTT: That is under subsection 2.

Mr. FLEMING: The matter of the appointment of ad hoc members is dealt with in another section.

Mr. ABBOTT: In the next subsection of the bill.

Mr. FLEMING: I think the committee should have from the minister some further justification for the power that is being asked for here, because it is apparent that this could be used for purposes that parliament would not intend. For instance, if it suited the convenience of the government to make changes in the board to bring about a particular result on a pending application, the purpose of parliament would be defeated. The board, of course, must be kept on an impartial basis and free of suspicion of partiality in its decisions.

Mr. ABBOTT: The purpose of the amendment is not such as my hon. friend suggests, but to give a reasonable degree of flexibility. I have one board in mind on which a member has served most efficiently for a term of ten years, but his age may now be such that it would not be appropriate to appoint him for a further term of ten years. Therefore it is felt that power should be taken to appoint for a term of less than ten years. In these term appointments it is always a matter of judgment how long the term should be. Personally I think this provision is desirable, and I cannot see how it could be subjected to any abuse.

Mr. FLEMING: The purpose of the original ten-year term, as I understand the legislation of 1932, was to assure the members of the board of that tenure of office so long as they discharged their duties. It relieved the members of the board from any fear of removal if they were giving decisions that might not be acceptable to the government of the day. But if you make inroads upon that rule and make the appointments for a shorter period, it seems to me you may defeat the purpose of the original ten-year term, which in addition to giving the board security of tenure, removed them so far as possible from political pressure. This is not purely an academic question, because I think every member of the house appreciates the necessity of keeping the board free from political influence. By making it a shorter term you run the risk of invading that principle where a member of the board may be hopeful of reappointment.

Mr. ABBOTT: I really do not think it can be subject to abuse. Primarily it was for the purpose of enabling the government to get competent men by giving them reasonable security of tenure.

Mr. FLEMING: Does not that same remark apply today?

Mr. ABBOTT: Yes, but I still think the power should be there. Let us say a man who is sixty-five years of age is still thoroughly competent to carry on his judicial functions. It might be desirable to reappoint him for a further period, but not for a further ten years. I really do not think there is any possibility of abuse by providing flexibility so that appointments may be made for less than ten years.

Mr. FLEMING: The minister has dealt with the case of reappointment of a member of the board whose age is such that he is not likely to continue to serve for a further ten years. Is the minister prepared to confine it to reappointments?

Mr. ABBOTT: That might be undesirable, because you might want to appoint a man who is in his early sixties but who on account of his age should not be given a full ten-year appointment. I do not suggest that appointments will often be made for less than ten years, but I do not think you will get first-class men to take these jobs for less than ten years. I think it is a reasonable discretion to give to the executive.

Mr. CHURCH: Is this board going to be in the future just what you might call a political board with whose decisions the government of the day can interfere? The board was appointed to decide tariff matters, but as a matter of fact it simply forgot its functions from February 1947 right on down through Geneva and then Havana. An announcement was made in November of that year by the government of a new economic policy for this country. There were a very large number of applications pending before the board during that time, all of which were held up.

Clause 1 provides for a ten-year appointment. I object to the principle involved in clause 1. I object also to the principle of the government of the day, of its own volition, over the head of parliament when the house is in session, changing the fiscal system of this

country. I have had several complaints from businessmen that they could not get rulings on customs and tariff matters because the board was away in Geneva for eight months in 1947 and then in Havana. The tariff will always be a political question, and no board can change it. If they did, they would be fired or hanged on a sour apple tree. If we are to have a tariff board, let it be a board that will discharge its functions, not one that will be here today and gone tomorrow. What is to become of our trade with the mother country if the board does not discharge its functions?

This board should have looked into the situation in connection with the Canadian international trade fair which has been held in Toronto for the past two weeks. There were many complaints from businessmen in Canada and the mother country which came to light during the fair and should have been looked into by the tariff board. Something should be done to restore the confidence of large and small businessmen in the trade policies of this country.

I object to this clause, Mr. Chairman. I think ten years is too long. Nobody knows what may happen by that time. As *Time* pointed out, we may be an economic unit of the forty-nine states of the United States. No one can tell what will happen. No wonder there is unemployment and unrest in the country.

Section agreed to.

Sections 2, 3 and 4 agreed to.

On the title.

Mr. HARRIS (Danforth): Prior to the last war this board did function, and from my observations I would say it did a good job on behalf of Canada. During the war, by order in council, many of the functions of the board were set aside. Now that the war is over we are back to a peacetime economy, and it becomes necessary that we have an organization of this kind in order that proper representations may be made as to tariffs.

I should hope the board might maintain the record of the late Judge Sedgewick, who was chairman of the board in days gone by. Under his chairmanship I witnessed the common man being heard, with due consideration given to all the people of Canada. One might say that it was their interests versus some of the bigger interests of the country. If the board for which provision is made in the bill functions as it operated in 1935, 1936, 1937 and 1938, prior to the death of the late Judge Sedgewick, I am satisfied it will be a vehicle through

[Mr. Church.]

which the people of Canada can be heard. Their representations can be analysed by experts who know what is best for Canada, and under our present economy such an organization is necessary.

Title agreed to.

Bill reported, read the third time and passed.

CANADIAN NATIONAL RAILWAYS

PROVISION TO MEET CERTAIN EXPENDITURES AND GUARANTEE OF SECURITIES AND INDEBTEDNESS

Hon. DOUGLAS ABBOTT (Minister of Finance) moved the second reading of Bill No. 346, to authorize the provision of moneys to meet certain capital expenditures made and capital indebtedness incurred by the Canadian National Railways system during the calendar year 1948, and to authorize the guarantee by His Majesty of certain securities to be issued by the Canadian National Railway Company.

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

Section 1 agreed to.

On section 2—Power to issue securities for capital expenditures.

Mr. MACDONNELL (Muskoka-Ontario): I note at the top of page 2 the words, "available from reserves for depreciation and debt discount amortization". Will the minister give a word of explanation? Is that amount taken from reserves accumulated or set up during the current or past year?

Mr. GLEASON BELZILE (Parliamentary Assistant to the Minister of Finance): This $15,815,000 is the amount that has been accumulated during 1948 for depreciation purposes.

Mr. MACDONNELL (Muskoka-Ontario): Do I understand it really is an amount based upon the earnings of the present year, so that we are getting it as part of the picture of the current year 1948?

Mr. BELZILE: Yes.

Mr. FRASER: It is cumulative for five months of this year.

Mr. BELZILE: Yes.

Section agreed to.

Sections 3 to 8 inclusive agreed to.

On section 9—When revenue of national railway system insufficient to meet operating and income charges.

Mr. ABBOTT: This and the following section are the ones containing the provision that

if at any time in any year the available revenues of the Canadian National Railways are not sufficient to pay operating and income charges, temporary advances may be made by the Minister of Finance, to be repaid either out of earnings during that year or, if such earnings are not sufficient, by an item to be voted by parliament.

A question was raised as to whether that provision was too general. I do not think it is. Nevertheless I am satisfied to amend the section so as to provide only for the current year. I would point out, however, in respect to the suggestion that an opportunity should be given to debate the financial position of the Canadian National Railways, that the accounts of the railways and of Trans-Canada Air Lines are brought down in parliament early in the session. They are referred to the appropriate committee. Officials of those two corporations appear and give full explanations. There is no question therefore of parliament's not being fully and currently informed as to the financial position of the railways.

I am asking my colleague to move a section in substitution for the one now appearing in the bill.

Mr. FOURNIER (Hull): I move:

That section 9 in the bill be deleted and the following substituted therefor:

"9. If at any time before the first day of April, nineteen hundred and forty-nine, the available revenues of the National Railway System are not sufficient to pay all the operating and income charges of the system as and when due, the Minister of Finance may, with the approval of the governor in council, upon applications made by the national company and approved by the Minister of Transport, place at the disposal of the national company such amounts as may be necessary to enable the national company to meet all such charges: Provided that all such amounts shall be reimbursed to the Minister of Finance from the annual revenues of the national railway system in so far as such revenues are sufficient and any insufficiency shall be provided for by subsequent deficit appropriation by parliament."

Mr. MACDONNELL (Muskoka-Ontario): Is April 1, 1949 the end of the financial year of of the railway company as well as of the government?

Mr. ABBOTT: It is the financial year of the government, not of the railway company.

Mr. FLEMING: They are on the calendar year?

Mr. ABBOTT: Yes.

Mr. MACDONNELL (Muskoka-Ontario): I am questioning whether it should be the calendar year of the company or of the government. Would it not be the company?

Mr. ABBOTT: There is always the matter of tiding over at the end of the year. The purpose of putting in April 1, 1949, is that we have to bring in each year a bill of this kind. In adopting this suggestion we will just carry it forward from fiscal year to fiscal year.

Mr. MACDONNELL (Muskoka-Ontario): But I still question that. I can see that there is a hangover, and that from the point of view of actual operation it may be acted upon later. I have not before me the wording of the amendment, but is it not the revenue of the railway system, and will it not be the financial year of that system which is relieved?

Mr. ABBOTT: This is enabling legislation. As we know, the nationally owned system turns in its surpluses to the consolidated revenue fund. It requires temporary advances from the Minister of Finance to be voted subsequently by parliament. This is purely a matter of mechanics. All I am suggesting here is that, to meet the wishes of hon. members of the committee, we put this on an annual basis. Government accounts operate on an annual basis. We make these advances to the railway company. The railway comes forward at some time during each fiscal year and says: Our financial position is such that we need a temporary advance. The Minister of Finance makes that temporary advance, but he must include an item in the estimates for that amount. The purpose of putting this date in was to assure members of the committee that each year they would have an opportunity of voting the temporary advances made to the Canadian National Railways during the last fiscal year. One could take it one way or the other, but I think it is satisfactory to take the government's fiscal year; I do not think it makes much difference.

Mr. MACDONNELL (Muskoka-Ontario): I do not think it does. The minister has made his point, and I shall not press it. But I reiterate that the tidy thing to do would be to make it the fiscal year of the railway company.

Mr. ABBOTT: That may be.

Amendment agreed to.

Section as amended agreed to.

On section 10—When revenue of Trans-Canada Air Lines and subsidiaries insufficient to meet operating and income charges.

Mr. ABBOTT: I will ask my colleague to move another amendment with regard to this section.

Mr. FOURNIER (Hull): I move:

That section 10 be deleted and the following substituted therefor:

"10. If at any time before the first day of April, nineteen hundred and forty-nine, the

available revenues of the Trans-Canada Air Lines and subsidiaries are not sufficient to pay all the operating and income charges thereof as and when due, the Minister of Finance may with the approval of the governor in council, upon applications made by the Trans-Canada Air Lines and approved by the Minister of Transport, place at the disposal of the Trans-Canada Air Lines such amounts as may be necessary to enable the Trans-Canada Air Lines and subsidiaries to meet all such charges: Provided all such amounts shall be reimbursed to the Minister of Finance from the annual revenues of the Trans-Canada Air Lines and subsidiaries in so far as such revenues are sufficient and any insufficiency shall be provided for by subsequent deficit appropriation by parliament."

Amendment agreed to.

Section as amended agreed to.

Bill reported, read the third time and passed.

DIPLOMATIC SERVICE

SUPERANNUATION—PROVISIONS AS TO RETURN OF CONTRIBUTIONS, ET CETERA

Mr. W. E. HARRIS (Parliamentary Assistant to the Secretary of State for External Affairs) moved that the house go into committee to consider the following resolution:

That it is expedient to present a bill to amend the Diplomatic Service (Special) Superannuation Act, to provide for the return to a public official or his widow, under certain circumstances, contributions made under such act; to give a right to a public official to elect not to become a contributor under the act and to provide that withdrawal allowances and gratuities shall be paid out of the consolidated revenue fund.

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

Mr. KNOWLES: Will the parliamentary assistant explain what this means?

Mr. HARRIS (Grey-Bruce): The special superannuation act which was passed last year had certain defects in the matter of provision for the superannuation of public officials engaged in diplomatic work. The proposed amendments will improve the act. When the bill is brought in I think hon. members of the opposition will see that its provisions are in accordance with the usual superannuation practice.

Mr. KNOWLES: Does it involve the expenditure of more money, or the expenditure of less? The terms would seem to indicate the latter, but one cannot be sure.

Mr. CHURCH: There was a lot of discussion on the proposal made last year with respect to the diplomatic superannuation act, and according to the parliamentary secretary no changes have been made since then. It is

time we woke up about this particular matter, because this thing is much overdone on the seven seas. Our trade commissioners do wonderful work, but those ambassadors and embassies do little or nothing. We have these embassies all over the seven seas. It is running into a large sum of money now with superannuation; it is a sinkhole for public money. It is all based on the doctrine that we are a first-class nation when we are not. We depend upon Great Britain's supremacy of the seas for our very life.

Now we have the united nations, and a lot of this superannuation is for that. If it was a baseball organization they would call it a "pudding-head" organization, because none of them ever knew enough to touch first base. We will see a sample of this tonight over beside the west block when the hon. member for Fort William is conducting his baseball game. We are not in this united nations organization for fun. It is dividing the whole British empire. The enemy may invade this country, we do not know how soon. They may come sooner than we think.

The people back home in the constituencies are trying to find out what is going on. They are just blindfolded and are allowed to know only as much as some of these columnists let them know—columnists who come in here for a few minutes in the morning and then they all leave and the result is the people do not know what is going on down here; they no longer become enlightened. Yesterday we provided an additional $10 a month allowance for those who fought for us at the hazard of their lives. All they get is that small contribution of $10 a month compared with what we pay for these families of ambassadors.

I am surprised that this country allows an organization such as this to be in existence all over the world. Nobody knows what the expenses are. Nobody knows what these ambassadors are costing this country. We cannot get any information. When a question is put on the order paper it is marked as an order for return and that means that it is dead and buried for the session.

There are a lot of people around here who want to be ambassadors and get the superannuation with it. I have never been asked to be an ambassador, but I think I have done as much to create good will as many other people. Now they are called "Their Excellencies" if you please. Some of them even have uniforms. How can they do that? What is being paid for all this? It must be a fabulous sum.

The people back home are blindfolded, but they reversed the prediction of some columnists in Ontario on June 7 last. Now they have

another organization—consuls general. The hon. member for Davenport would make a very good consul general. He has been doing this sort of work at his own expense. He has been travelling all over the country in his own car. He gave me a ride last Saturday, and I notice that he needs a new car. With the travelling he is doing for the country something should be done for him.

All this is just a waste of money. We have the ambassadors with their staffs, we have first secretaries, we have second secretaries, we have third secretaries and all that kind of thing. Now they propose to give them and their families all pensions in a special act. This is being done when people cannot get houses to live in, or even rooms. Here we are pensioning these people and their families. The people back home in the constituencies are getting tired of the two old parties and are voting for something opposite. I know that because I represent these people. Mine is an industrial riding. They had a disaster there last Sunday which shocked me, but nothing was done about it; no columnist in the gallery would say one word about it. Yet these people are suffering.

Some hon. MEMBERS: Order.

The DEPUTY CHAIRMAN: Order.

Mr. CHURCH: The freight cars might have fallen on top of a streetcar and many people might have been killed.

The DEPUTY CHAIRMAN: Order.

Mr. CHURCH: I am objecting to the principle of pensions for some and none for others.

The DEPUTY CHAIRMAN: The hon. member is wandering far afield.

Mr. CHURCH: I understand; but this resolution has to do with the diplomatic service.

The DEPUTY CHAIRMAN: It has to do with the Diplomatic Service Superannuation Act.

Mr. CHURCH: I am objecting to the duplication of services and the giving of pensions to people who do not need them when others get very little superannuation or none at all from this parliament.

Mr. KNOWLES: May I ask the parliamentary assistant whether he can answer the question I asked a moment ago? If not, perhaps he can get the information for a later stage of this legislation. When he is doing that will he get the answers to a couple of other questions I should like to ask? First of all, have any ambassadors or persons who qualify under this act yet gone on pension under its provisions? If so, how many, and what rate of pension are they getting? How many are now covered by this act, and are hence paying into the fund? For what pension will they qualify? How many people does this amendment affect? As I recall it, last year when this bill was passed, over the vigorous opposition of a good many of us, the minister said that it would apply to only about a dozen people. As a matter of fact some of us thought that it was to fit one or two particular cases. The hon. member for Lake Centre referred to one such case a day or two ago. Similarly I should like to know whether this is to cover very many people, or only one or two.

Mr. HARRIS (Grey-Bruce): I shall be glad to get the information which has been asked for and give it to the hon. member as soon as we can obtain it.

Mr. DIEFENBAKER: Following what my hon. friend has said, we should get more information from the parliamentary assistant than he has given us up to the present. We are asked to pass a resolution, and we should have some information. I am sure that with his experience he will have no difficulty at all in furnishing the committee with full and comprehensive information. I ask him how many there are who come under this act, and how many in the diplomatic service who do not. How many diplomats of the various grades have been appointed during the past year? What embassies, if any, or ministerships are being opened during the present year?

When this act was passed last year it was said to be most restrictive in its scope, as I remember representations made by the minister at the time. An extension is now being made. Before this resolution passes, the committee should have some idea as to the extent to which this proposal will mean additional expenditures. Why is it being brought in? Who was not covered that we are trying to bring in?

Mr. KNOWLES: The hon. member is not suspicious, is he?

Mr. DIEFENBAKER: No, Mr. Chairman; suspicion is one of the things I know nothing of. When I see a resolution such as this enveloped in mystery and surrounded by such diffidence in reply, I ask myself, what is the purpose of it? Is it as necessary and as devoid of implications as the parliamentary assistant, in his urbanity, would lead us to believe? Perhaps he will be able to explain a few of these things. I am sure he has the information readily at hand, and will let the committee know just what the measure is, the reason for it and the purpose of it.

Mr. MACDONNELL (Muskoka-Ontario): An enigma wrapped in a mystery.

Mr. HARRIS (Grey-Bruce): I am sure that the hon. member for Lake Centre is not of a suspicious mind, nor would he suppose I would ask the house to pass anything which did not conform with the wording of the resolution. The proposal is perfectly plain; it asks that provision be made for certain persons who were not provided for in the act passed last session.

As to the number of ambassadors appointed, the number of ministers appointed and the number taking advantage of last year's act and those not taking advantage of it, I must say that we went into that in some detail in the committee on external affairs. We are prepared to discuss these details when the estimates come before the house. They were presented this morning and will be discussed in due course. I shall be glad to get the complete answers to all the questions asked by the hon. member for Winnipeg North Centre and the hon. member for Lake Centre, and make them available during the course of the day. I suggest it might be desirable to pass the resolution, and I shall provide the information after the bill receives first reading.

Resolution reported, read the second time and concurred in. Mr. Harris (Grey-Bruce) thereupon moved for leave to introduce Bill No. 349, to amend the Diplomatic Service (Special) Superannuation Act.

Motion agreed to and bill read the first time.

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

Mr. KNOWLES: Next sitting.

TRANSPORT BOARD

JUDGE OF EXCHEQUER COURT TO BE CHIEF COMMISSIONER

Right Hon. J. L. ILSLEY (Minister of Justice) moved the second reading of Bill No. 347, to amend the Railway Act, the Exchequer Court Act and the Judges Act, 1946.

Mr. DONALD M. FLEMING (Eglinton): Without traversing the ground covered in the debate on the resolution I wish to record my opposition to this bill on second reading.

The house will observe that in one bill we are asked to amend three public statutes, which indicates the distance the government is asking the house to go to meet the exigencies of one particular case. I urge, Mr. Speaker, that this is not the kind of bill that this house ought to favour. I mention these reasons without discussing them in further detail because I think they were adequately developed in debate on the resolution stage.

In the first place, it is wrong in principle to revise or amend no fewer than three public statutes to meet the immediate exigencies of one particular case. This case cannot be of a nature that could justify the extensive revision of three public statutes to meet it.

In the second place, the way the government has gone about this whole question shows what has become a characteristic disregard of the rights of parliament. Parliament's prerogatives have been flouted by the government in its assumption that it can proceed and make all arrangements and announce in advance the appointment before parliament even knew the nature of the legislation that it was going to be called upon to pass to make possible what the government had already undertaken to do in advance.

In the third place, the proposed appointment of a judge as chief commissioner while he continues to hold judicial office in a court, is unsound in principle. It is no answer to say, as the Minister of Justice said in the debate on the resolution, that the board of transport commissioners is a court of record; that judges have held that office in the past; that it was within the contemplation of parliament when the Railway Act was first passed that the appointment of chief commissioner should be open to judges as well as to experienced lawyers. That is no answer. It is perfectly open to the government to appoint Mr. Justice Archibald or any other suitable and qualified person, but it is not proper to continue him in a judicial office while he is holding the office of chief commissioner of the board of transport commissioners.

In the fourth place, the idea of narrowing down the field of those from whom the chief commissioner may be selected to members of the panel of judges of the exchequer court is likewise wrong in principle. Why should the appointment to so important an office be narrowed down to selection from among four or five men who, however eminent may be their attainments in law, however well qualified they may be to hold office in the exchequer court, may not be qualified for the high and exacting responsibilities of the office of chief commissioner of the board of transport commissioners? That simply means that when it suits the convenience of the government to find outside the exchequer court panel a suitable chief commissioner,

they will bring in legislation to enlarge the exchequer court, using that court as a sort of reservoir convenient to them in making their appointment to the office of chief commissioner. This will not increase respect for the courts, and surely one thing that we have learned in these troubled times is the importance of keeping hands off the judiciary.

Further, and this is the fifth reason, this measure will create anomalies and inequalities within the board of transport commissioners itself. It will mean that the chief commissioner stands in a different position from the other members of the transport board. When his term of office is ended, he is nevertheless assured of a life appointment in the court, if he should not be reappointed to the transport board. That is not a sound position. There is no reason why the chief commissioner, in that respect or in other respects except salary, should be in a more favoured position than other members of the board.

In the sixth place I have already indicated my reasons for saying that this measure will create anomalies within the exchequer court itself. A judge of that court will be in the court but not really of it, because under a section of this bill he is expressly prohibited from exercising jurisdiction of the exchequer court. Is not that an amazing situation? The government will appoint an honourable gentleman to the exchequer court of Canada, but not for the purpose of permitting him to exercise any of the jurisdiction of the exchequer court; for as a matter of fact he is told that though he is appointed to the court he shall not be permitted to exercise the jurisdiction of a judge of the exchequer court.

Mr. ILSLEY: That is incorrect.

Mr. FLEMING: I speak always subject to correction, but I point out to you, Mr. Speaker, that under section 1 of the bill, in 2 (b) it is provided that the judge of the exchequer court who holds the office of chief commissioner is disqualified—

Mr. SPEAKER: Order. The hon. member is not supposed to discuss any of the sections of the bill.

Mr. FLEMING: I am referring to this particular section only because the Minister of Justice has challenged my statement. I am saying to him that as I read the section of the bill, which was the basis for my statement, the appointee has no jurisdiction in the exchequer court so long as he holds the office of chief commissioner. He cannot exercise the jurisdiction of a judge of the exchequer court.

Mr. ILSLEY: That is incorrect, but we will deal with it on the bill.

Mr. FLEMING: Very well. We were told yesterday by the Minister of Justice that it was the intention that the chief commissioner should give his full time to his responsibilities and duties as such. Even if the bill did not prohibit him from exercising any of the jurisdiction of a judge of the exchequer court, the fact remains that the responsibilities and duties of chief commissioner of the board of transport commissioners are so exacting, and will continue to be so heavy in the coming years, that he will not have any opportunity whatsoever for exercising any of the jursdiction of a judge of the exchequer court. And parliament is now being asked to legislate this amazing anomaly to meet the exigencies of a particular case.

The whole situation is perfectly apparent now. The government, in order to induce the proposed appointee to accept this appointment, has had to guarantee to him the security of tenure that attaches to the life appointment of a judge of the superior court of Nova Scotia, and with it an increase in the salary attached to the office of chief commissioner.

As I said yesterday, no word of mine can be taken as any reflection whatsoever on the suitability of Mr. Justice Archibald for the appointment. But, Mr. Speaker, I say to you that the method which the government is asking this house to follow in order to secure the appointment of Mr. Justice Archibald is completely unsound in principle. The government is asking this house to violate principle after principle in order to meet the exigencies of its wishes in this particular case. This is not the method that parliament should be prepared to countenance in securing the appointment of an honourable gentleman to the office of chief commissioner of the board of transport commissioners, regardless of his suitability for the position.

Mr. JOHN T. HACKETT (Stanstead): Yesterday, when commenting on my remarks on the resolution, the Minister of Justice, with that genius for accuracy which is his, made some use of the exact or dictionary meaning of the word "political". I recall that when the late Lord Tweedsmuir came to Canada and was asked by reporters who met him at the dockside what he did in private life, he said he was a publisher and politician. This occasioned surprise, which was hardly mild, among Canadians; because rightly or wrongly we have developed on this continent a subsidiary or secondary meaning for the word "political".

I agree that the definition which the minister gave is etymologically accurate, but I think

he will agree with me that everywhere, possibly with the exception of Nova Scotia, it has a secondary meaning which is not always savoury or not always free from a certain suggestion of cynicism. I used the word in its popular sense and in the way in which most people understand its use in this country. Here I reiterate what I said yesterday. I have nothing but admiration for the hon. gentleman whose name has been mentioned for this position, and I suggest that his qualifications as a lawyer and as a man of learning and experience should of themselves be sufficient to qualify him for the high office to which it is the government's intention to call him. But what I object to is his continuation as a judge in his new office. As I have said so frequently in the house, it is unfortunate that the great reputation of the judiciary for fairness and for freedom from partisan influences should be brought into an arena where partisan influences must and do play their part. It may be necessary that we have tribunals whose function is to solve difficulties in which these influences play their part. But I assert, with all the power I possess, with all the faith I have in the judiciary, and with all the desire I have for the maintenance of its integrity, that the judiciary as such should not be subject to these influences.

As a result of these practices, it is now commonly said in some areas: Oh, I do not want to go before that judge; he is a company man; or I do not want to go before that judge; he is a labour man. These assertions result from the use of the judiciary for the solution of extra-judicial perplexities and difficulties which are highly tinged with politics in the ordinary acceptation of the word, and with expediency, something that is entirely apart from the higher plane on which justice reigns or should reign supreme. I can tell the right hon. gentleman that if he were to canvass the judiciary and take a poll of the right-thinking judges—and thank God they are still in the vast majority—he would find that they all deplore the use and exploitation of them and their high office, their integrity and their great reputation, for the solution of political and partisan embarrassments.

It is not necessary to the efficiency of his work that the gentleman whose name has been mentioned here should take to his new office the title and reputation of the function which he is abandoning. I make bold to state to you, Mr. Speaker, that it is a wrongful use of the judiciary which is held in high repute to enlist its services to make acceptable solutions and decisions which have nothing to do with the ordinary administration of justice.

At a time when people are so uneasy, when they are not giving the adherence they used to give to the maintenance of the great institutions upon which our whole system of government and civilization rests, it is unfortunate that any of these institutions should be necessarily weakened by exposing a member of any one of them, no matter how distinguished he may be, to popular criticism because momentarily he may be called into a field where considerations other than learning in the law and integrity in the sense of honestly applying that law must prevail. The result must necessarily be a loss of prestige by and damage to the institution. If there were any other reason than the attempt to clothe with judicial authority decisions which of their essence must depend upon accommodation and fleeting and partisan advantage, I would not be so pronounced in an attitude which I hope is expressed in temperate language, although I am greatly disturbed at the necessary result which must follow from a continuation of this practice.

I ask the right hon. gentleman, in the light of events of the last few years—I do not wish to wound or to injure the reputation of any judge in particular; the incidents are uppermost in the minds of all hon. members, and in none more so than in that of the minister—if he does not think that the conduct of the government taking distinguished members of the judiciary off the bench from time to time and making them the arbiters in matters which are not judicial, which do not depend upon the interpretation of the law, and which do not depend entirely upon justice, has resulted in a loss of status and dignity on the part of the bench and the magistracy?

I cannot believe that there is any lawyer, I cannot believe that there is any judge, who, making a canvass of the events of the last few years, can escape the conclusion that this practice of conscripting the judiciary to settle quasi-political feuds has tended to weaken the respect and the confidence of the Canadian people in the great institution of the law, and in particular in that most important branch of it, the judiciary. For that reason I am opposed to this bill and opposed to all practices which bring the judiciary into the adjustment and settlement of questions which are beyond their scope and which expose the members of the bench to the type of criticism, harmful, unfair, and sometimes cruel, which has been levelled at members of the judiciary who have responded to the invitation of the government to perform extra-judicial duties.

Mr. ANGUS MacINNIS (Vancouver East): Mr. Speaker, I suppose this is a debate that a person without legal training should keep clear of, but I hope the hon. member for Stanstead (Mr. Hackett) will not misunderstand me

when I say that I am getting a little bit tired of this glorification of the virtues of judges.

Mr. SINCLAIR: And lawyers, too

Mr. MacINNIS: And lawyers, too. Of course all judges have been lawyers, and more than that, they have been taken out of the hurly-burly of our economic, political and social life to the bench; and the assumption that the moment they are put on the bench they can divest themselves of all the preconceived notions and prejudices which they have accumulated in fifty or sixty years of life is absurd.

Again, there is this question of the dispensing of justice. I may be wrong, but my understanding is that the judges do not dispense justice. They interpret the law, which may be just or unjust, depending upon how it is drafted. When a judge's decision is reversed on appeal, it seems to me that it is reversed not because he erred in the matter of justice but because he erred in a matter of law. Whether his decision was just or unjust does not enter into the situation at all. The question is whether he interpreted the law according to precedent.

This is a complex bill, and if I had not such profound faith in the integrity of the Minister of Justice (Mr. Ilsley) and a knowledge of the close study which he gives to matters of this kind, I might be inclined to be more critical of it. In any case I do not know sufficient about its underlying principles to criticize; but I cannot see that there is or could be anything wrong in appointing a judge to any position where there is no interference with his freedom to deal with the questions that come before him, except the restrictions imposed by his own conscience. Surely that is sufficient protection for the judge, whether he is on the bench or on the board of transport commissioners or any other board or commission. I think it is highly desirable that the judges should be kept in as close contact as possible with the economic, social and political conditions that prevail in this country, so that they will be in a position to understand what motivates and compels people to act in the way they do. To take them out of the conditions in which they have lived all their lives and assume that when appointed as judges they can in their virgin purity dispense abstract justice is of course just nonsense.

Mr. J. M. MACDONNELL (Muskoka-Ontario): Mr. Speaker, I should like to make a comment on the speech last made. I do not think any of us pretend that judges are a superior order of people. In fact, I myself undertook to say yesterday that we must not regard judges as a superior order distinct from ordinary creatures of common clay, and no one is attempting to do that. The judges in the course of their duties come in contact with life at every turn, and there is no danger of their being removed into rarefied upper air.

On the point made by the hon. member for Stanstead (Mr. Hackett), I wish to say this. It is very easy to make a speech such as that just made by the hon. member for Vancouver East (Mr. MacInnis), and made in perfect good faith; but it is much more difficult, and this is a thing for which we have to look to the minister, to appreciate the real depth of the principle which has been underlined by the hon. member for Stanstead. On that I say no more except to recall to the house what is so true, that it is of course advantageous to the judges themselves that the impression should not get abroad that such and such a judge is a company man and such and such a judge is a labour man. It is for the very purpose of trying to prevent that sort of thing that the hon. member for Stanstead spoke as he did, and I am afraid that in what we are doing now, while it may be helpful and convenient for the moment, we are disregarding that basic principle.

My purpose in rising is to say this. I have followed what the hon. member for Eglinton (Mr. Fleming) has said about this complicated incursion into three statutes, which looks like using a steam hammer to crack a nut, although it may be a difficult nut to crack. I would like to support what the hon. member for Eglinton said about the undesirability, and I would add the utter needlessness, of tying ourselves in this way; because it is extremely likely that later the government will come back to parliament and say: We do not want to appoint one of the exchequer court judges, and we want to change the legislation.

There is another point, and here I come back to the remark I made yesterday, that the minister was not nearly as convincing as he usually is in some of the things he then said. I cannot agree with him when he says that this appointment would not be considered desirable by an exchequer court judge. I think it would, first of all because it is highly remunerative. But that is not the chief reason. It is a position of great influence in the community, and the man making these decisions might easily become one of the most important citizens of our country. I see no reason why the position should not be desirable. Therefore it seems to me we shall notice in this legislation a distracting element—and I put it no stronger than that—in connection with the exchequer court judges.

I shall not press that. I really think the point made by the hon. member for Eglinton is the stronger aspect of the subject. The minister confines himself in this way, with the

very greatest likelihood that later on he, or some minister of justice who will follow him, will have to come back and say that he does not find his man there, and that therefore he has to go outside. In my mind is the feeling that this could be dealt with easily in a simple, direct and straightforward manner, instead of having all this deviousness and complexity.

Right Hon. J. L. ILSLEY (Minister of Justice): Mr. Speaker, I shall say a few words with respect to some of the speeches that have been made. I do not share the uneasiness of the practical members of the legal profession who have spoken about the precedent which is being created or the principle which is being applied in this instance. I am more concerned about the free use of judges in a different class of activity. That has given me some concern.

There has been an extensive use of judges for extra-judicial duties as chairman of conciliation boards. Perhaps there would be hundreds of cases in which they have been appointed to those positions. I suppose it is that practice to which hon. members were referring when they intimated that some persons would tag judges as being pro-capital or pro-labour.

I have discussed this aspect of the matter with the Minister of Labour (Mr. Mitchell) on several occasions. Of course his approach is not that of a lawyer, nor is it that of a politician, even in the secondary sense. I would say his approach is that of a person who wants to get decisions which will command confidence. He has said to me, "Whom can we get? Perhaps we can get lawyers, but they are very expensive. It is almost impossible to get a chairman who will command the confidence a judge would command." He went on to ask me this question, "Would you suggest university professors? Sometimes university professors are suitable for this purpose." But he added, "I do not regard them as nearly as suitable as judges." When I asked him whether he noticed any resentment about decisions which would cause the judiciary to be brought into disrepute, he said, "It is most gratifying, indeed surprising, to see the degree of acceptation given to decisions of these boards if they are headed by judges." Then he went on to say, "The ordinary people in the country have faith in the judiciary, and they are maintaining that faith."

The hon. member for Stanstead seems to think there has been some lessening of that faith—

Mr. HACKETT: I do.

Mr. ILSLEY: —in the last few years—

Mr. HACKETT: I do.

[Mr. Macdonnell (Muskoka-Ontario).]

Mr. ILSLEY: —as a result of appointment of judges to discharge difficult tasks. The hon. member may be right; I am not in a position to refute what he says. There was a recent instance in which a certain newspaper was almost abusive toward Sir Lyman Duff, who has now retired from the bench. But I cannot think that Sir Lyman Duff has suffered by it at all; he has not suffered in the public esteem from anything he has done as head of a commission. He has accepted the chairmanship of commissions which had to make difficult findings of fact. It is generally considered that for a great many years he has been the outstanding jurist of Canada. Perhaps when I say that, some would feel I am going too far; but certainly he has been the great ornament of the judiciary in Canada, and of our legal profession. It may be helpful to a situation, it may be helpful even to a government or to a party to have a matter settled in such a way that it will stay settled, through the appointment of such a man to a royal commission. But I cannot think that the judiciary has suffered in the popular esteem.

I believe there is something to be said, however, for being most careful about the appointment of judges to conciliation boards in too large numbers. The practice might get out of hand and eventually have bad results. The matter is earnestly discussed from time to time by members of the government—certainly by myself and the Minister of Labour—and I hope it will not be allowed to get out of hand.

But these considerations do not apply to the present position. To a unique extent the chief commissioner of the board of transport commissioners is connected with the building up of a most important branch of our jurisprudence, the part of it which deals with rate making, with reasonableness, with unjust discrimination, and many allied subjects. It is a position which calls for the exercise of the highest judicial qualifications, and it is worthy of the dignity of a judge. In what he has to do there is nothing inconsistent with judicial duties. He is the chairman, the chief justice in effect, of a court of record dealing with a very important part of our jurisprudence. For that reason I do not feel anxious at all about the principle of this legislation.

As hon. members have said, it may happen at some time that there will be no one on the exchequer court who is deemed to have the necessary qualifications. Then, just as hon. members have indicated, some government may come back here and say: Give us a wider choice. I had drafted the bill first so as not to limit the choice to judges of the exchequer

court, and so as merely to empower a judge of the exchequer court of Canada to sit in that position and to remain a judge. I felt, however, that parliament would wish to keep a stricter control on the size of the exchequer court than it would have under that type of legislation; therefore I had the provision changed so that the choice would be limited, as it now stands, to members of the exchequer court.

Thus far we have been talking about only one branch of the matter. After all, we owe a duty to the people of Canada, and it is not a small duty, or an unimportant one. We owe to them the duty of providing for them, so far as is possible, good decisions and good judgments. While the board of transport commissioners did not have very much to do during the war, when rates were frozen and there was not much activity in that direction, in the years to come they will have more problems to solve, problems of interest to all the people of Canada. We had to get a good man. We think we have got a good man. Certainly we have a man with experience in national problems, a man whose judicial experience is highly regarded. No one has offered any criticism from a personal point of view against this man. We had to get that kind of man. We thought it was unreasonable to take away his judgeship, and we thought there was nothing disadvantageous about it, and that no sacrifice of principle was involved. Indeed we thought that the principle of having a judge was good, of having at the head of this great court—because that is what it is—a man who would still be Mr. Justice Archibald.

Mr. HACKETT: What would be the objection to appointing to the position the gentleman whose name has been mentioned without continuing him in the mantle of a judge?

Mr. ILSLEY: We are not in committee, but I would point out a very practical reason. If special superannuation or pension privileges or special provisions with regard to tenure are applied to this board, the precedent might prove to be very serious when applied to the public service. During the past few years the whole struggle has been to standardize pension provisions, to standardize pay and to keep remuneration of one kind or another and the conditions of holding office and so on from getting too much out of line. That is a practical problem which confronts the government. It was suggested yesterday that we should put the pay away up, or should provide special provisions in the superannuation act for the chairman of the board of transport commissionners and no one else. Immediately that would raise the question: What do you do with the other members of the board? What do you do with the chairman of other boards? You would be reversing the movement toward standardization, which is a most beneficial thing. That is the practical disadvantage. This is a simple way to do it, and, as I say, I do not see anything wrong where you are bringing a judge to a judicial position.

Mr. HACKETT: Means have been found in other cases of preserving the rights of a judge to pension and other benefits when he has been delegated to other fields of activity.

Mr. ILSLEY: Yes. I do not like to introduce legislation of that kind if I can help it, and I do not think it is necessary in this case.

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

On section 1—Chief commissioner.

Mr. KNOWLES: In reply to a question by the hon. member for Stanstead the Minister of Justice indicated that he did not like introducing legislation to provide a special pension in a case like this. What bothers some of us about this legislation is that the minister frankly admitted yesterday that this was special legislation, designed as an arrangement to make it possible to get a judge to fill this position. We in this group have pointed out that we do not object, in fact that we approve the use of a judge for this kind of job, but it does have the earmarks of being a rather large order to enable the government to make one specific appointment. I wonder if it would not have been just as good or perhaps better if the minister had brought in a bill providing that notwithstanding the provisions of the Railway Act, the Exchequer Court Act and so on, this particular person should be appointed as chairman of the board of transport commissioners for a period of ten years. Under those conditions he might have continued in the position of judge and would be entitled to the superannuation benefits which he had already earned. I do not know Mr. Justice Archibald's age, but I imagine—

Mr. ILSLEY: Fifty-seven years.

Mr. KNOWLES:—ten years will bring him to the retirement bracket. It would have been possible to deal with this case without any high salary problem or without the problem of a special amendment to the superannuation act.

The minister admitted in the course of this discussion that when Mr. Justice Archibald's ten years are over, the government in power may not be able to fill the position by using the provisions of this act, that some change may have to be made. Did the minister give consideration to that way of tackling the problem?

Mr. ILSLEY: Yes. Consideration was given to all ways of tackling the problem. There was a bill passed covering the case of Mr. Justice Fullerton by which he preserved his pension rights. However, that bill did not preserve his tenure. I gave consideration to introducing an amendment to provide for an appointment for life or during good behaviour until seventy-five years or something of that sort. That would have met the situation fairly well.

Mr. KNOWLES: Was that to be for general application or just for this appointment?

Mr. ILSLEY: Just for the chief commissioner.

Mr. KNOWLES: Just for Mr. Justice Archibald?

Mr. ILSLEY: Yes. There are objections to having anything else but a ten year appointment to a position like this. The person has to be extremely active, and perhaps it would be more desirable to let him go at the end of ten years than it would be in the case of an ordinary judge.

Mr. FLEMING: There is just one matter I should like to mention in connection with clause 1. The minister and I had a difference in the discussion on second reading with respect to the effect of section 1, particularly the new section 2b. I wish to put myself on record in that regard.

The first reference is to the jurisdiction of a judge of the exchequer court under the Railway Act, and the second reference is to the jurisdiction of a judge of the exchequer court under section 27 of the Exchequer Court Act. He is not to be disqualified from exercising any jurisdiction conferred by the Exchequer Court Act on an exchequer court judge outside of section 27 of that act.

Mr. ILSLEY: That is right.

At one o'clock the committee took recess.

The committee resumed at three o'clock.

The DEPUTY CHAIRMAN: When the committee rose for lunch we were dealing with clause 1 of Bill No. 347, to amend the Railway Act, the Exchequer Court Act and the Judges Act, 1946.

Mr. McMASTER: I wish to point out that this section deals with two acts. While the first section, which is numbered as clause 1, deals with an amendment to subsection 2 of section 10 of the Railway Act, which has to do with the question of the appointment of a commissioner, the other two clauses have nothing whatever to do with the Railway Act. They amend the Exchequer Court Act. I suggest that they should be separated. One clause should be an amendment to subsection 2 of section 10 of the Railway Act, and the other clauses should be an amendment to section 6 of the Exchequer Court Act. If anyone wants to know what are the duties of this particular judge, I do not think he would ever find them out by looking at the Railway Act. He would look at the Exchequer Court Act to see what limitations were placed upon the powers of the four judges, one of whose powers is limited by the fact that he can hear only certain cases in the exchequer court. He can carry on in other cases, apparently, save as his duties are restricted. That is why I think the amendment should be made to the Exchequer Court Act.

On several occasions I had to look up certain matters when we were dealing with certain types of legislation, and from the index to the statutes I had a great deal of difficulty in finding what I wanted.

May I point out that some of the duties of the transport board are set forth in the Railway Act. Another act, passed in 1938, chapter 53, also deals with their powers. I must confess that during the recess I had a great deal of difficulty digging out their powers from the two acts. It may be that when the new revision of the statutes takes place the necessary changes will be made; but I suggest that in this, as in all other legislation, an effort should be made to enable a person to find the powers of this board when he looks for them.

Subsection 2a says that section 7 of the Exchequer Court Act shall not apply. That refers to the residence of the judge. Perhaps the minister will have something to say about section 6 of the Exchequer Court Act. That is one reason why all the powers of the exchequer court judges should be in one place. Section 6 of the Exchequer Court Act says:

> A judge of the court shall not hold any other office of emolument, either under the government of Canada or under the government of any province of Canada.

That would seem to be in conflict with this proposed legislation which introduces an amendment to the Railway Act. Is it expected

that the chief commissioner will carry on in the same way as the chief commissioner has done in the past? I feel that this legislation envisages his having some time to devote to exchequer court business. There are six members of the transport board. As the minister points out, their duties have not been so great in the recent past. Is it the intention to rearrange the duties of the chief commissioner? Will he deal only with certain important kinds of work of the board, or is that something which will be left to the board itself? Because some extra time will be at the disposal of the chief commissioner I do not imagine that he will spend all his time at this work. Does the same thing apply to the other members of the board? If so, the time may be fast approaching when there should be a certain overhauling of the transport board so that the time of the members will be fully occupied.

Mr. ILSLEY: It is expected that the chief commissioner will devote his full time to the work of the transport board. I think I am right when I say that there is no provision that he will do so, but in any event I feel sure that he will devote his full time to the work of the board.

The points raised by my hon. friend are to some extent answered by the section. My hon. friend cited section 6 of the Exchequer Court Act, which provides that members of the exchequer court can do nothing else. Subsection 2 contains these words: "Notwithstanding anything in this or any other act." These words make it unnecessary to refer to section 6 by number. The bill is not a bill to amend the Railway Act only, but to amend three acts, and it naturally has to go in one act; it could not very well go in the whole three.

Mr. McMASTER: In fact, this bill does amend the Exchequer Court Act in regard to the number of judges and their remuneration?

Mr. ILSLEY: Yes.

Mr. McMASTER: Clauses 3 and 4 deal with the Exchequer Court Act. The last two subsections of section one should also be amendments to the Exchequer Court Act and not to the Railway Act.

Mr. ILSLEY: This is a bill to amend three acts. As the hon. member has pointed out, it is a little awkward to have amendments to the Exchequer Court Act in the Railway Act, but I cannot think of any reasonable alternative.

Mr. McMASTER: Except to amend the Exchequer Court Act and not the Railway Act so far as these two subclauses are concerned.

Mr. ILSLEY: My hon. friend suggests that subsection 2a should be an amendment to the Exchequer Court Act; but the latter part of the subsection is appropriate as an amendment to the Railway Act. The words "The chief commissioner is not a civil servant for the purposes of that act" would be more appropriate in the Railway Act than in the Exchequer Court Act. It might be that that could be separated from the other, but I doubt whether there would be any great inconvenience here. It will be pretty generally known that there is a special act relating to this position.

Mr. McMASTER: Surely it will be incorporated some time in the Exchequer Court Act when the revision is made.

Mr. ILSLEY: It may be in the revision.

Section agreed to.

Sections 2 to 4 inclusive agreed to.

Title agreed to.

The DEPUTY CHAIRMAN: Shall I report the bill?

Mr. FRASER: On division.

Bill reported, read the third time, on division, and passed.

REVISED STATUTES

PROVISION FOR COMMISSION TO EFFECT REVISION

Right Hon. J. L. ILSLEY (Minister of Justice) moved the second reading of Bill No. 348 respecting the revised statutes of Canada.

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

On section 1—Statute revision commission established.

Mr. FLEMING: I wish to ask the minister a question relating to both sections 1 and 2. The minister intimated yesterday that this bill would be in the same form as the 1924 bill preceding the last revision of statutes. That bill became chapter 65 of the statutes of 14-15 George V. That revision of that time was initiated by an order in council passed in 1923, and that may explain the fact that the first two sections of the bill before us have no counterpart in the statute of 1924. As we have not the terms of the order in council before us, will the minister tell us precisely how they compare with sections 1 and 2 of the present bill?

Mr. ILSLEY: The order in council of 1923 named the commissioners and stated that the naming of a secretary for the commission would be considered later. It specified the remuneration, and—

Mr. FLEMING: Did it specify the personnel?

Mr. ILSLEY: Yes, by name. It is not very long, but there is a good deal of preamble. The order in council names the members of the commission; intimates that the naming of the secretary will be considered later; provides that the commissioners, other than ex officio members, shall receive adequate remuneration for their services, the minister recommending the following rates of compensation: president, $4,000 per annum, vice-president, $3,000, and each of the other commissioners $2,500. The special payments begin to be earned on and from the date of the first meeting of the commission. I cannot say whether those were the amounts paid or not. The order in council does not say that they have to be; it simply states that that is what the minister recommends.

The order in council says that it will be necessary to provide that the appropriation may be paid and expended notwithstanding the provisions of the Civil Service Act, which prohibits extra payments to members of the civil service. The minister recommends that the vote to be taken at the next session of parliament be expressed in a manner to authorize payments to members of the civil service upon special approval of the Minister of Justice. The order in council seems to be somewhat conversational in form.

Mr. FLEMING: The provisions of the order in council of 1923, to which the minister has referred, seem to be the counterpart of section 1 of the present bill.

Mr. ILSLEY: Yes.

Mr. FLEMING: They are, however, not a counterpart of section 2, at least so far as the minister has read them. Section 2 is an important provision, and I am wondering what counterpart it had in the order in council of 1923, because section 2 has no counterpart in the act of 1924.

Mr. ILSLEY: The order in council of 1923 seemed to be passed mainly for the purpose of authorizing the expenditure of money and making some financial arrangements. A statute had to be passed the following year, and that was done.

Mr. FLEMING: But the statute that was passed does not contain any counterpart of the provisions of section 2 indicating the duties of the commission.

[Mr. Fleming.]

Mr. ILSLEY: No, but the preamble to the statute of 1924 states: "Whereas it has been found expedient to revise, classify and consolidate the public general statutes of Canada passed since the date of the revised statutes of Canada 1906", and so on. While those words have no exact counterpart here, the words of section 2 embody much the same language. This commission shall examine the revised statutes of Canada, 1927, and the public general statutes of Canada enacted since the coming into force of the revised statutes of Canada, 1927, and in accordance with the provisions of this act shall revise, classify and consolidate the said statutes.

The only counterpart is the recital in the act of 1924 that that was being done, that the revised statutes of 1906 were being revised, classified and consolidated. The other provisions with regard to remuneration and employment of members of the public service are new in a way. Subsection 3 is much the same in effect as the provisions I read with regard to remuneration.

Mr. FLEMING: The minister appreciates that there may be concern as to the significance of some of these words which appear in section 2, and particularly the concluding words of subsection 1, "shall revise, classify and consolidate the said statutes".

My concern is the extent to which parliament is going to assume its responsibility for any changes that may be made in the statutes. This section will give rise in the minds of some to this question: How far does a commission go, when it is instructed as section 2 of the bill instructs this commission, to revise, classify and consolidate the statutes?

On the question of the meaning of "revision", some discussion took place in the debate on the resolution.

Mr. ILSLEY: If my hon. friend will permit me to interrupt, it may save a little time. In what he is about to say, let him give full consideration to the words "in accordance with the provisions of this act". As I read section 2, no independent jurisdiction or authority is conferred by this section. The revision, classification and consolidation must be in accordance with this act; therefore one must look to the rest of the act for the duties of the commissioners.

Mr. FLEMING: The views I was about to express I thought could better be expressed on this section, but I will leave them until we come to section 5.

Mr. KNOWLES: I would hope, Mr. Chairman, that you might permit some general discussion on this first section, at least until we

get this point cleared up, because I am under the same apprehension as the hon. member for Eglinton. There are clauses in the bill which say that the commissioners shall do a certain job, admittedly in accordance with the provisions of the act. Then there are later clauses which say that once the job of revising and consolidating has been done, the clerk of parliaments and certain other people are to attest the roll, and then, lo and behold! by a proclamation of the governor in council it comes into effect.

Mr. ILSLEY: That is right.

Mr. KNOWLES: Does that mean that once this job has been done by the commission, parliament will not have the opportunity of approving the revised job?

Mr. ILSLEY: That is correct.

Mr. KNOWLES: Is that a new departure?

Mr. ILSLEY: No, it is not a new departure. The only new departure in this bill is the revised wording of section 5. It is open to discussion whether those changes should be made.

Mr. KNOWLES: On previous occasions—for example, in 1927—when the statutes were revised, the commission did the job, but parliament did not have the opportunity to approve it?

Mr. ILSLEY: That is right.

Mr. KNOWLES: My non-legal mind does not think that is a good way to do it.

The DEPUTY CHAIRMAN: Shall the clause carry?

Mr. FLEMING: No.

Mr. DIEFENBAKER: There are certain sections which indicate that wide power is being given here. I looked up the word "revise" in the dictionary on the table of the house. Amongst the definitions of "revise" is to look over, re-examine or reconsider and amend faults in various things, including amending faults in the law. Why are there so many words here—revise, classify and consolidate? The meaning of "revise" must be gained from reading the subsequent paragraphs. Under section 5 "revise" would mean, among other things—

The DEPUTY CHAIRMAN: Order.

Mr. DIEFENBAKER: There is only one way in which I can define what "revise" means, and that is by reference to subsequent sections where the powers are given to the commission. It is for this reason that I refer to them, sir. It is merely for the purpose of indicating how wide the power may be that is now to be conferred by parliament on that commission.

If I may proceed, Mr. Chairman, I would point out that under section 5 the powers that are given—and these are powers as to alterations which must come within the purview of the word "revision" are as follows:

5. (1) The commission in consolidating the said statutes . . . may make such alterations in the language of the statutes as are necessary in order to secure uniformity of style and expression—

That is, in fact a revision—the type of revision that consists in consolidation—together with the removal of language that is unnecessary or that contains grammatical errors and the like. The section continues:

—may rectify apparent errors—

So far so good.

—and reconcile conflicting provisions or enactments—

That goes a long way. To "reconcile conflicting enactments or provisions" indicates the granting of a power to decide what in the minds of the commission should be done in order to bring into realignment in accordance with the wishes of the commission two apparently dissimilar sections. The section continues:

—and in cases of doubt or ambiguity the commission may make such amendments as are necessary to resolve such doubt or ambiguity—

I shall stop there for moment. What is that but the power to legislate? What is that but giving power to a commission to say that parliament did not know what it was doing, that parliament did not properly legislate but has left an ambiguity with the result that a change must be made? I feel that is too wide a power to grant to a commission which will finally determine the question without regard to parliament. If this commission were merely to recommend, I could understand such a power. But for this commission to be given by parliament carte blanche to determine finally what parliament meant, goes farther than the question of revision should go. Indeed, parliament in fact delegates to a commission power to do something which the commission says parliament in its wisdom did not properly do. That, sir, is going too far. Actually it means that parliament delegates to a commission of seven the right to decide what parliament should have said and in fact did not say. For the next sentence says—and I again refer to section 5(1)—as follows:

—the commission may make such amendments as are necessary to resolve such doubt or am-

biguity in accordance with what the commission considers to have been the intention of parliament.

That is a wide power. It is actually placing in the hands of a commission, over which parliament will have no control, the power to do that which judges frequently must do, namely, determine the intention of parliament. And in determining that question, judges must depend entirely upon the words used by parliament. In this section, and the subsequent sections defining the meaning of the word "revise", we are actually placing a commission in a higher position than that in which the judiciary of this country today is placed. The judges, when they are determining the intention of parliament, are restricted by the words used. This commission is to have no such restriction at all. I feel that any changes that are made should not become law without parliament actually having the right to decide whether or not those changes should in fact be made.

I would also refer to section 9 (1)—

The DEPUTY CHAIRMAN: Order. What is before the committee at the present time is clause 1.

Mr. DIEFENBAKER: Yes, I appreciate that, Mr. Chairman. But we are trying to find out what clause 1 means, and we can do that only by reference to other clauses.

The DEPUTY CHAIRMAN: I think the committee would make better progress if we dealt with the clauses as we come to them. If we pass clause 1—

Mr. DIEFENBAKER: I thought we were on clause 2.

The DEPUTY CHAIRMAN: No. Clause 1 is now before the committee.

Mr. FLEMING: I have another question or two on clause 1.

Mr. ILSLEY: Mr. Chairman—

Mr. FLEMING: May I make this observation? The minister turned aside my remarks on this subject of the meaning of "revision".

Mr. ILSLEY: Yes.

Mr. FLEMING: My remarks were intended to tie in with the effect of section 5. If the minister proposes to take this subject up now, there are some things that I had better say before he begins. It will save time.

The DEPUTY CHAIRMAN: I think we should deal with clause 1.

[Mr. Diefenbaker.]

Mr. ILSLEY: May I say a few words, with the unanimous consent of the committee. I think we shall be arguing all afternoon and longer unless I do what my much wiser predecessors did, and that is, use precisely the language used in 1924. I am prepared to do that. I find in Doctor Ollivier's article these words:

> On second reading Mr. Lapointe, then Minister of Justice, stated that the bill was an exact reproduction of the bills that had preceded other revisions of the statutes of Canada.

When we come to section 5 I will move that subsection 1 be struck out and that we use the words used in 1924. It will be open to many objections which the hon. member for Lake Centre has expressed; nevertheless it has not seemed to do much harm.

Mr. FLEMING: What is proposed to be paid to the five members of the commission, and what are to be the terms of their employment? Will they work full time or part time? When is it expected that the work will begin, and what will be the method of operation?

Mr. ILSLEY: I expect that they will not devote their full time to this work, and that they will be paid on a per diem basis, but what that basis will be I cannot say now. Before, they were paid on a per annum basis.

Mr. FLEMING: Will the remuneration be on a uniform basis for all the members?

Mr. ILSLEY: I cannot say.

Mr. McMASTER: The revision of the Ontario statutes has taken place every ten years—except that 1937 was the last one—and one of the outstanding judges of the high court of Ontario is usually appointed as chairman of the board. Is it a fair question to ask the minister whether one of the judges of the High Court of Ontario, or of some other province, or of the Supreme Court of Canada, may be appointed? Speed is necessary, because we have not had a revision of the statutes for a long time, and a few dollars spent in obtaining the services of an outstanding jurist would be money well spent.

Mr. ILSLEY: A prominent judge was appointed to be chairman of the revising body in 1906. That was not done in 1924, but consideration will be given to the suggestion. I rather got the impression from the discussion yesterday that some members felt this was a job for clerks, a sort of scissors-and-paste job. I do not agree. To put the present statutes in proper shape and bring them together requires a good deal of ability.

Section agreed to.

Section 2 agreed to.

On section 3—Certified roll to be deposited with clerk of the parliaments.

Mr. CHURCH: Is it proposed to substitute this commission for the high court of parliament? When the Ontario statutes were revised years ago, the work was done by a board, which at one time was under the chairmanship of Chief Justice W. R. Meredith. It was largely a committee of officials, presided over by a judge, and afterwards it was passed on by the legislature. Parliament ought not to delegate its powers and functions to any crown officer—because that is what they all will be, crown officers. Are we to accept their revisions without reading them? Is parliament to abdicate its functions? I am surprised to find a bill like this before parliament, and I protest against it.

Mr. FLEMING: I wish to say a word or two in relation to parliament's functions in regard to the revision. A comparison of the present bill with chapter 65 of the statutes of 1924 shows that, apart from sections 1 and 2 which we have dealt with and which did not have a counterpart in the act of 1924, the remaining sections of the bill have been taken verbatim from the 1924 act, with the exception of section 5, and the minister has indicated that when we reach that section he proposes to restore the original section. It may be then that we shall be in the position of being asked to legislate in precisely the same terms, with the exception of sections 1 and 2, as those contained in the legislation of 1924. Nevertheless, I think there is still enough breadth in the duties attached to the work of revision as indicated in sections 2 and 5, even after the new section 5 which the minister is to propose, to make it not only desirable but necessary that any changes going beyond what the minister referred to as a scissors-and-paste job should be reviewed by parliament. I do not think parliament will be slow or unwieldy in dealing with matters of this kind. Parliament could move very quickly to appoint a special committee for the purpose of reviewing the statutes as revised by the commissioners, and this committee could come to the house from time to time with the recommendations of the commissioners. But I cannot reconcile my duty as a member of parliament with simply accepting provisions of this kind, in which parliament is saying in effect: We are giving certain instructions to the commission; we fully expect that the commissioners will adhere strictly to their instructions, but whether they do or do not, whether they confine themselves to the terms of those instructions or whether they stray afield, their work is not to come back to parliament. All they will be required to do is to deposit the roll with the clerk of parliaments. Then, under section 7, on the filing of the roll, power is reserved to bring those statutes into full force and effect.

I do not expect in advance that the commissioners will exceed the terms of the commission. But I do not believe parliament will be doing its duty if it agrees now to accept in advance whatever work the commissioners may do, and whatever may appear on the roll which they will deposit with parliament perhaps three, four or five years hence, when their work is completed. I do not think that is the way in which parliament ought to address itself to its responsibilities. At this stage we have to insist that there be some limitations in the terms of the bill, so that in respect of anything other than what the minister has described as the scissors-and-paste job of consolidation, parliament will accept responsibility and will have an opportunity of reviewing the work of the commissioners.

I do not conceive that that will mean delay, or that parliament will make any unwieldy or cumbersome interference with the work of revision. As I have said, parliament can set up a committee which will make its recommendations to the house. It seems to me parliament must accept its responsibilities and its task in connection with this work of revision.

Mr. ILSLEY: Mr. Chairman, if I had any faith in the possibility of the committee, of which my hon. friend speaks, considering over again all the statutes of Canada, I would perhaps accept his suggestion. But I know perfectly well that the committee would not do that. The thing to do is to do what has been done repeatedly in the past. Instead of relieving these people from responsibility we should place the responsibility upon them, so that they may do a workmanlike job. They have always done it in the past, and they will do it in the future. If we argued a week on each statute, as we do often on bills, it can be seen what would happen. My hon. friend talks about parliament reconsidering four hundred pieces of legislation such as the Canada Shipping Act—

Mr. FLEMING: The changes in them.

Mr. ILSLEY: —the Income War Tax Act, and many other acts, to see whether the commissioners have done their job properly. If that is done it would delay the revision of the statutes for years. I know enough about attendance at committees and the possibility

of getting members out of the house into committees, to say that if my hon. friend's suggestion were followed, the work would fall back on departmental officials, and those officials would be given the assurance that if there were no change in the law the statute would be accepted by the house. That is what would happen if my hon. friend's suggestions were accepted.

I would rather drop the revision of the statutes than embark upon something which will take five or ten years to accomplish, just because theoretically the house feels that it is unsafe to leave the work to a responsible commission, if the job is to be done faithfully and well.

I do not know why we should institute that new system at this time. It makes a good talking point, of course. But I ask hon. members to have some regard for the practical elements in the situation.

Mr. FLEMING: I hope I am as practical a man as the minister. Having in mind the practical side of the matter, I am asking why this cannot be done. The last time this work took three and a half years. It is a greater work now than it was then?

Mr. ILSLEY: Yes.

Mr. FLEMING: Perhaps this time it will take more than three or four years. Why cannot the commissioners, as they complete their work of revision and consolidation of the statutes, pass it forward to parliament, session by session, within that period of time? Parliament could then review completely, through committees set up for the purpose, any changes that were proposed.

I do not for one moment suggest that parliament would carry out a revision, section by section, of 400 odd statutes which would come before us in four or five volumes. But surely parliament is going to accept its responsibility in connection with changes. The commission is not only authorized but is directed to make changes in certain ways. Who is to say in advance whether the commission will adhere to or confine themselves within the narrow interpretation of the instructions respecting changes? It is in the matter of changes made that I think parliament at this stage, in 1948, must take its stand. No matter what the commissioners may bring in, or put in the roll, when it comes here it becomes the law, without the slightest revision by parliament.

I have not so completely lost faith in parliament and the ability of parliament to do its legislative task with efficiency and expedition that I am prepared to accept the principle that parliament should not have any part in the work of revision, or that parliament will be clogging its work if it insists upon reviewing the changes. Parliament has a task to do, and, regardless of what was done in the past, we have a situation to face today in 1948. Parliament has no business to turn its back on its duty.

Mr. KNOWLES: What about the criminal code?

Mr. ILSLEY: The criminal code will have to be dealt with by some body other than this. Important changes should be made in it. Initially, revision of the criminal code is a departmental responsibility. Just as the revision and consolidation of the Income War Tax Act is the initial responsibility of the Department of Finance and the Department of National Revenue, in the same way, the revision and consolidation of the criminal code is the responsibility of the Department of Justice. For the purpose, the Department of Justice will have to secure the necessary appropriation and employ the best possible help to give advice. Then it will have to take the responsibility for changes in that law, just as it has in the past. The department will have to make recommendations to council, and council will make recommendations to the house. That is the only way in which we can deal with the criminal code. It is a different operation entirely from a consolidation of the statutes.

Mr. KNOWLES: Will a revised code appear as such in the revised statutes?

Mr. ILSLEY: If it is done in time. The statutes revised in the interim between now and the time the commissioners make their report, or when their roll is deposited, can be embodied in the new revised statutes. If the criminal code consolidation and revision is completed in time, it will appear.

Mr. KNOWLES: And approved by parliament?

Mr. ILSLEY: Yes, and approved by parliament; that is right. That is a matter of parliamentary responsibility, of course.

Mr. CHURCH: Under the British constitution the courts are subservient to the legislatures, and those courts include not only the judges but all the crown officers. In the present procedure the government is simply wiping out the power of the legislature, and it is giving to judicial bodies, including crown officers, the power to pass those statutes over the head of parliament. And note that every bill we pass gives crown officers the right to make rules and regulations thereunder which have the force of statute law. If that is law

reform in this country, well then, I will say to the government that it is violating one of the most important principles in our constitution, namely that the courts are subservient to the legislatures.

Mr. ILSLEY: Let me call the hon. member's attention to the fact that this course was followed in the two last revisions of 1906 and 1927. There may have been revisions before that, but the course of procedure being followed here was followed in the last two revisions.

Section agreed to.

On section 4—Schedule of repealed, superseded, inconsistent or spent enactments.

Mr. DIEFENBAKER: I should like to bring up a matter which has not been dealt with previously—the volume of orders in council that are not found in these statutes, but which amend, suspend or abrogate, in whole or in part, statutes passed by parliament. I first brought up this matter in 1942 by way of a question, when I asked for a list of statutes which had been amended, suspended or abrogated. The attitude taken was that that was a question which just would not be answered because it had not occurred. Finally I placed a question on the order paper, it was passed as an order for return, and a list of statutes which had been suspended or amended or abrogated was brought down.

There are quite a few statutes in that position today. One statute was suspended in its operation even without an order in council. That was the one passed two years ago under which the railway companies were required, by a certain date, to abdicate any function in the matter of air transport. That date has long since passed, and the statute was not in fact suspended by an order in council or otherwise. A direction was simply made by the minister of reconstruction.

Section 4 of the bill reads:

> There shall be appended to the said roll a schedule A similar in form to schedule A appended to the Revised Statutes of Canada of 1927; and the commission may include in the said schedule all acts and parts of acts which, though not expressly repealed, are superseded by the acts so consolidated, or are inconsistent therewith, and all acts and parts of acts which were for a temporary purpose, the force of which is spent.

As long as statutes are being suspended or abrogated in whole or in part by order in council—this is an occurrence not unusual under the Customs Tariff Act—I think something should be done to provide a list of statutes or sections of statutes that are in a state of suspension or whose provisions are not in effect. Today it is impossible for any person in the practice of law to know what the law is on any subject unless he has before him the various orders in council which have been passed and are still in effect.

I pass this on to the minister by way of suggestion. The passing of orders in council at an accelerated rate in the last ten years requires that something be done in order for the convenience of those charged with interpreting the law on behalf of clients and so that the judiciary may have before them at any one time the situation with respect to every statute. Would the minister be prepared to amend section 4 or add another section so that that certainty would be assured which is necessary if counsel are to advise? There should be a list of orders in council which detract or subtract from the effects of statutes in the appendix.

Mr. ILSLEY: A great deal of consideration would have to be given to that suggestion. I am under the impression that the repealing or amending of sections of acts by order in council was done under the War Measures Act, or the National Emergency Transitional Powers Act, or the Continuation of Transitional Measures Act. That act expires on March 31 next, at which time these orders in council will lapse and lose their force. Unless there were some statutory amendment or repeal of the various sections, those sections would be there as the law.

Mr. DIEFENBAKER: Will the minister give consideration to it?

Mr. ILSLEY: Yes.

Mr. FLEMING: May I suggest that the minister give consideration also to the question of revising, not only the orders in council but the regulations? Several years ago a useful act, the Regulations Act, was brought into effect in Ontario, under which all regulations issued by the provincial government were reviewed, brought up to date, classified and reissued. It had the effect of eliminating a lot of dead wood and making the present regulations known. There is a much larger body of federal orders in council. Such a measure applying both to orders in council and to regulations would be a most useful measure to put into effect here. I cannot speak too highly of the results obtained in Ontario from that statute. Under it the registrar of regulations is a continuing officer charged with the work of revision. New regulations must be submitted to him, and they are filed in public through him. I urge the minister to give consideration to that. Perhaps it is not as important as the revised statutes; nevertheless it is of great importance.

Mr. ILSLEY: I agree that it is important. I am told that the work is under way at the present time. For instance, all the regulations of the Department of Agriculture are being gone over carefully in the Department of Justice, and that work must be going on in other departments as well. I think it is under the direction of the privy council office.

Section agreed to.

On section 5—Powers of commission as to alterations.

Mr. ILSLEY: The word "commissioners" was used in the 1924 act, while the word "commission" is used here. With the amendment proposed, section five will read as follows:

The commission in consolidating the said statutes, and in incorporating therewith the acts or parts of acts passed subsequent thereto and selected for inclusion therein as above provided, may make such alterations in their language as are requisite in order to preserve a uniform mode of expression, and may make such minor amendments as are necessary to bring out more clearly what they deem to be the intention of parliament or to reconcile seemingly inconsistent enactments or to correct clerical or typographical errors.

Mr. McMASTER: Before the motion is put, I would suggest to the minister that he include the words which are in the Ontario act as to the consolidation of statutes, and which follow almost exactly what he has read, with a few minor changes. They have added this sentence: "And may include in such consolidation and revision such private acts". They relate to professions and callings. I would suggest that such private acts as are of general application throughout the province should be included. There are a great many private acts which affect a large number of people. As it is now, you require a whole library of the statutes of Canada in order to find them, because some of them go back a few years. Without this revision, you would have to obtain the statutes of thirty or forty years ago. There are some important acts which are called private acts and which affect a large percentage of the people of Canada. It would be a great convenience to solicitors and to the public if they were included.

Mr. ILSLEY: Is the hon. gentleman sure that private acts of Ontario are the same as private acts in Canada?

Mr. McMASTER: No, they are not the same. If they were the same they would not have been passed by Ontario. Some of them affect professions, but that does not alter the fact that in Canada we have many private acts which may be affected. If the commissioners find that there are no such acts, and I am sure they will not, they will not include them, but there are many such acts.

Mr. ILSLEY: I know they deal with different subject matters; but what I meant was, is not the definition of private acts in the province of Ontario different from the definition here? Are not acts which have any public importance or significance here classified as public acts? Is that not a matter which was carefully attended to before the bills were introduced.

Mr. McMASTER: If that is so, then perhaps the amendment is meaningless. If not, it is important.

Mr. ILSLEY: It is an interesting suggestion, but it has never been done before. I do not know what we would be getting ourselves into if we started it. It would involve an examination of that preliminary question. It may very well be that, in Ontario, acts which are called private acts affect general interests, but here these acts are not called private acts. At the moment I cannot think of any private act which we pass here which affects general interest. Certainly divorce bills do not, except in an indirect kind of way.

Mr. KNOWLES: The Bell Telephone bill.

Mr. ILSLEY: Would the Bell Telephone bill be one?

Mr. McMASTER: No, I would not think so. I think that is entirely a private act. Perhaps I can give the minister one. I refer to the act affecting the United Church of Canada. I think of that only because I am a member of the United Church. But it is something of that kind that I have in mind. The selection would be left to the committee. We are not telling them what they shall do. We are making the suggestion. When they go through the acts they will have a more intimate knowledge of what has been enacted in the past than I have, perhaps, who have taken this matter up only in the last few minutes.

Mr. ILSLEY: There certainly would be a big difference of opinion among the commissioners, between the commissioners and the government, and between the government and parliament, as to what was of general interest and what was not. There is no doubt about that. There is nothing definite about the task that is being given to the commissioners. Perhaps that would not make very much difference. They could take some of the ones that they thought ought to be put together, and publish them. If they leave more important ones nobody suffers, I suppose. I am afraid that somebody has to go

through all the acts, anyway. We have never done this before. I think it would be too big a job. It is important that we get ahead with it.

Mr. McMASTER: An index was issued a few years ago of all the acts ever passed by the Dominion of Canada. You can find out where the act is. All it means is finding the particular year of the statutes to look it up.

The DEPUTY CHAIRMAN: Shall the amendment carry?

Mr. DIEFENBAKER: I think it is a very good gesture on the part of the minister to return to the old section.

Mr. ILSLEY: My hon. friend wanted to make it broader yesterday.

Mr. DIEFENBAKER: I wanted to make it broader only in so far as the recommendation to parliament is concerned. I wanted this body to be set up to make recommendations to the Department of Justice and to parliament, but not to detract from parliament and the right of parliament to determine whether or not this recommendation should, in fact, be carried into effect. Under section 5 as it was originally drawn, and which has now been withdrawn, provision was made for the making of such amendments as are necessary. In the section as it formerly was, such a wide power was not given. The only power conferred upon the commission was power to make minor amendments necessary to remove inconsistencies.

Mr. ILSLEY: There was not any general power to make such amendments as are necessary.

Mr. DIEFENBAKER: I have the section here.

Mr. ILSLEY: Wait a moment.

Mr. DIEFENBAKER: The section reads as follows:

> The commission in consolidating the said statutes and in incorporating therewith the acts or parts of acts passed subsequent thereto and selected for inclusion therein as provided in this act, may make such alterations in the language of the statutes as are necessary in order to secure uniformity of style and expression, may rectify apparent errors and reconcile conflicting provisions or enactments and in cases of doubt or ambiguity the commission may make such amendments as are necessary to resolve such doubt or ambiguity in accordance with what the commission considers to have been the intention of parliament.

Apparently the old section did not cover the situation, and this new section 5 was introduced by the minister. I say that under the old section only minor amendments could be made by the commission. The minister, having accepted the suggestion that was made regarding the all too great comprehensiveness of the new section, has met the criticism that was offered.

Amendment agreed to.

Section as amended agreed to.

Sections 6 to 9 inclusive agreed to.

On section 10—Revised statutes not to be deemed new laws.

Mr. DIEFENBAKER: I have looked over sections 8 and 9 and there is no alteration. Is there any particular difference between these sections and their corresponding sections in the old act?

Mr. ILSLEY: No.

Mr. DIEFENBAKER: That is what I thought.

Section agreed to.

Sections 11 to 16 inclusive agreed to.

On the title.

Mr. ILSLEY: I wish to say one word. Somebody asked me about the remuneration of the commissioners. I said it was expected that they would be paid on a per diem basis. I want to make it clear that we are free to make a better arrangement if we can. If we can pay them on another basis we are free to do so. I want to make that clear, so that it will not be said we told parliament it would be on a per diem basis and it turned out later it was on another basis.

Mr. KNOWLES: Piecework.

Mr. ILSLEY: Yes, or per annum as it was before.

Title agreed to.

Bill reported, read the third time and passed.

SUPPLY

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

DEPARTMENT OF NATIONAL HEALTH AND WELFARE

National health branch—

246. National health branch administration, $122,823.

Mr. HARRIS (Danforth): When may we expect a review of the legislation announced by the Prime Minister in his speech on May 14?

Hon. PAUL MARTIN (Minister of National Health and Welfare): That comes under the supplementary estimates.

Mr. HARRIS (Danforth): And when may we expect those?

Mr. MARTIN: All the departments come in together and the Minister of Finance hopes they will be brought down some time next week. May I, Mr. Chairman, compliment the hon. gentleman on the splendid graduation exercises at the hospital in Toronto with which he has been associated for so many years and for which he has done such admirable work.

Item agreed to.

National health branch—
247. Food and drugs, $540,953.

Mr. FLEMING: Can the minister give us the expenditures?

Mr. MARTIN: Expenditures, $387,736.86; unliquidated commitments, $16,098.37; total commitments, $403,835.23—a remarkably good estimate.

Mr. FLEMING: For a change. In connection with this item and the next two, would the minister make a statement with reference to the consolidation of these divisions in his department? A statement was made to the house on March 10, indicating that the food and drugs division, the proprietary or patent medicine division and the advertising and labels division of the department had been combined and organized as a directorate for certain reasons set out in *Hansard* of that date. I had assumed, in the light of that statement, that these items would be consolidated in the estimates. Exactly what has been done in the consolidation of these branches, and why have we separate items, after we had been given to understand that there had been a combination?

Mr. MARTIN: The advertising and labels division has been consolidated with the food and drugs division. The reason the other has not been is that it administers another act.

Mr. FLEMING: But the minister's parliamentary assistant, in *Hansard* of March 10, is reported as follows:

> The food and drugs division, the proprietary or patent medicine division and the advertising and labels division of the department have been combined and organized as a directorate for the following reasons.

And the reasons are set out.

Mr. MARTIN: That is right, but we must have a separate vote for proprietary or patent medicines, because that division administers a separate act. That is in accordance with treasury practice. It is, however, part of the same division.

[Mr. Martin.]

Mr. FLEMING: Are any economies being effected as a result of the combination?

Mr. MARTIN: It is too early to say yet, but we have had a more efficient administration.

Mr. HARRIS (Danforth): I do not wish to delay the estimates; but I suggest that in the rush of business hon. members seem to overlook the fact that for the first time, in my experience at any rate, extending over a quarter of a century, the minister has the great good fortune to have a fair assistant on the floor. I am sure she will help him to a great extent in his estimates.

I wish to impress upon the minister the urgency of a matter which he knows is on my mind, and that is the addition of 150 beds in the hospital in Toronto. Even though we must wait for the supplementaries before we can discuss this question fully, I suggest that those who are engaged in estimating those supplementary items should have the benefit of discussion in this chamber on the general estimates of the department. I think I am in order in that regard.

The DEPUTY CHAIRMAN: When the first item was called, the hon. member for Eglinton asked the Chair to rule whether members would be allowed to discuss the scheme that was announced by the Prime Minister. A ruling was given, to which hon. members have adhered pretty well, that there should be no discussion of that question until the introduction of the supplementary estimates. The matter does not come under this vote.

Mr. HARRIS (Danforth): Then I will observe the ruling. I would ask the minister whether all the matters that have come to the attention of the national health branch in connection with this item will be given thorough consideration when the supplementaries are being prepared. I think that question is in order.

Mr. MARTIN: May I say at once, for the information of my hon. friend, that the $30,000,000 announced by the Prime Minister will be included in the supplementary estimates.

Item agreed to.

National health branch—
253. Child and maternal health, $71,565.

Mr. KNOWLES: Will the minister explain the reduction in this item and make a statement as to what is being done under the head of child and maternal health?

Mr. MARTIN: The reduction is due almost entirely to a diminution in the expenditures

for the informational work of the division. It does not represent any material curtailment in the activities of the department. It is a matter of the amount of printing required. One year we are up and the next year down. This is nearly all due to the publication of Doctor Coûture's book, "The Canadian Mother and Child." The printing last year was heavy, and that will carry us on, I hope, until the end of this year. Next year it may be up again. There is no curtailment in our activities. When the supplementary estimates are before the committee my hon. friend will see that there is considerable increase or acceleration in this division.

Mr. KNOWLES: In other words, there has been no curtailment at the informational end, because of any criticism that has been made on that score.

Mr. MARTIN: That is quite true. On the contrary, there has been acceleration.

Mr. KNOWLES: Good.

Mr. FLEMING: I do not think the minister has given the expenditures on these last several items. The last one I have is item 247.

Mr. MARTIN: On item 248: expenditures, $19,807.96; unliquidated commitments, $51.24; total commitments, $19,859.20.

On item 249: expenditures, $117,805.02; unliquidated commitments, $237.77; total commitments, $118,042.79.

On item 250: expenditures, $233,545.66; unliquidated commitments, $4,244.06; total commitments, $237,789.72.

On item 251: expenditures, $205,335.28; unliquidated commitments, $10,848.35; total commitments, $216,183.63. That is another example of good estimating.

On item 252: expenditures, $441,527.52; unliquidated commitments, $4,316.69; total commitments, $445,844.21.

On item 253: expenditures, $93,686.92; unliquidated commitments, $1,781.78; total commitments, $95,468.70. That is another example of fairly good estimating.

Mr. FLEMING: There is an odd case of that. Will the minister say a word about he expansion of the services in connection with immigration?

Mr. MARTIN: That is largely owing to the policy of accelerated immigration of the Department of Mines and Resources.

Mr. FLEMING: I realize that. Will the minister indicate the method by which it is working out, and how it is being handled?

Mr. MARTIN: I do not quite understand my hon. friend's question. We service the department from a medical standpoint, carrying out the examination of immigrants and so on. It is being done on the basis that I outlined in the house some time ago. I think my hon. friend will find that statement in *Hansard* of June of last session, just before our estimates were dealt with.

This service supplies medical advice to the immigration branch of the Department of Mines and Resources, with regard to medical inspection of prospective immigrants, both abroad and at Canadian ports of entry. The medical examination is designed to assist the administrative immigration officers in prohibiting the entry of persons who are physically or mentally unfit, who might be a danger to the public health, or who probably would be unable to support themselves and would become a charge on the public. This is in accordance with the medical clauses of the Immigration Act and the regulations made pursuant thereto. This service also provides medical treatment for those individuals in immigration detention, under the authority of the Immigration Act and the regulations made pursuant thereto. It maintains and equips hospital accommodation for these purposes. It convenes medical boards of reference when needed. It pays costs of sending medical officers and their families overseas to conduct medical examinations in the countries of origin, wherever full-time officers or agencies are established. It pays the actual living expenses of those medical officers.

I may say that the present system of examination is much more complete than it ever was. X-rays are now required in the case of all immigrants. That is an improvement over the previous medical system and arises out of the experience the department has had during the past two years.

Mr. FLEMING: My question was designed to bring out the way in which the expansion of the service is working out, because the minister is budgeting for a substantial increase here. In the light of the minister's concluding remarks, may we take it that there will not be any repetition of the sort of thing that happened with regard to the immigration of the Polish soldiers a couple of years ago, where they were admitted, apparently without adequate medical examination, and then, not long after they were here, it was found that among them were a number of cases of tuberculosis as well as venereal disease.

Mr. MARTIN: My hon. friend has the assurance that is being done now. Our experience is that the existence of X-ray examination is proving desirable and effective.

Item agreed to.

National health branch—
254. Public health engineering, $161,292.

Mr. FLEMING: Will the minister give the expenditures on this item?

Mr. MARTIN: Expenditures, $142,088.87; unliquidated commitments, $2,289.82; total commitments, $144,378.69.

Item agreed to.

National health branch—
255. Treatment of sick mariners, $437,981.

Mr. FLEMING: Will the minister give the expenditures?

Mr. MARTIN: Expenditures, $421,007.74; unliquidated commitments, $268.16; total commitments $421,275.90.

Mr. FLEMING: Will the minister indicate whether there has been any increase in the fees collected?

Mr. MARTIN: No.

Mr. FLEMING: What was the amount for the last fiscal year?

Mr. MARTIN: Total dues paid for the calendar year 1946, $200,229.42.

Item agreed to.

National health branch—
256. Industrial health, $99,364.

Mr. FLEMING: Will the minister give the expenditures?

Mr. MARTIN: Expenditures, $82,576; unliquidated commitments, $9,789.31; total commitments, $92,365.31.

Item agreed to.

National health branch—
257. Civil service health, $212,630.

Mr. McLURE: In the details of the services at page 196 of the estimates, I notice that about 66 per cent of this whole vote is for temporary assistance. It is quite a large amount, almost $135,000, and the total vote is $212,000. May we have an explanation of that?

Mr. MARTIN: It is a new division, and as quickly as we can get the temporaries made permanent, that will be done.

The DEPUTY CHAIRMAN: Shall the item carry?

Mr. FLEMING: No. May we have the expenditures?

Mr. MARTIN: Expenditures, $151,343.48; unliquidated commitments, $6,779.02; total commitments, $158,122.50.

Item agreed to.

[Mr. Martin.]

National health branch—
258. Nutrition, $150,816.

Mr. CHARLTON: Many people today realize that nutrition is extremely important. Can the minister give the committee some idea how this branch of his department is working and what it is doing to help nutrition across Canada?

Mr. MARTIN: This division, under the supervision of one of the outstanding nutritionists in the country, carries on much of its work through surveys which it makes at the request of provincial and other bodies, usually on recommendations made by the dominion council of health. I may say that the work of this division this past year has perhaps been more significant than in any other period. One important function is to carry on research on the state of nutrition of Canadians. It is a specialized service available to provincial health officers and others who find the nutritional information useful to them. Surveys have been made of the health of the populace in order that we may have more effective control and a more effective policy in improving and maintaining the health of Canadians. Surveys of this kind have been made in the maritime provinces, Quebec, Ontario and the prairie provinces, and requests are always on the desk of the nutritional director asking for further surveys. The work is both active and consultative. It is one of those branches of the service which I think is making a valuable contribution to our national life.

Mr. ROSS (St. Paul's): Is this done in connection with the national research council?

Mr. MARTIN: The work is done by departmental officers, but there is a close consultation with the national research council.

Mr. ROSS (St. Paul's): It is actually all done under the national research council?

Mr. MARTIN: No; it is done by this department. The expenses were $28,942.65; and the total commitments aggregate $31,000 odd.

Mr. FLEMING: Last year the item was $138,448, and this year the minister is asking for $150,000. He has stated that the commitments aggregate $31,000. Surely there must be something astray somewhere, when the minister is asking for five times the amount expended last year.

Mr. MARTIN: What item is my hon. friend referring to?

Mr. FLEMING: Item 258.

Mr. MARTIN: We are on nutrition. The expenses are $118,577.34.

Mr. FLEMING: What was the $31,000?

Mr. MARTIN: I should have said that the unliquidated commitments were $10,963.67, and the total, $129,541.01.

Item agreed to.

National health branch—
Combating venereal diseases—
259. Administration, $37,363.
260. Assistance to provinces for control of venereal diseases under regulations approved by the governor in council, $175,000.

Mr. FLEMING: I think, Mr. Chairman, we had better take these two items together. Will the minister indicate the proposed disbursement of this $175,000? Is it to be on the same basis as in the previous year?

Mr. MARTIN: Yes. On item 259 the expenditures are: $28,942.65; unliquidated commitments, $2,429.17; total commitments, $31,371.82.

Mr. FLEMING: What are the figures for item 261?

Mr. MARTIN: Expenditures, $49,440.92.

Mr. FLEMING: Will the minister make a statement on the whole subject of venereal disease and on what progress, if any, has been made within the limits of the department's jurisdiction in dealing with it? The department is assisting the provinces not only with certain grants under item 260 but also in connection with the distribution of drugs under item 261. What headway is being made in combating this scourge? There was a dominion-provincial conference of the officers of this department with those of provincial health departments, and I think useful results flowed from that conference. A program was also undertaken in connection with this disease in Alberta. Would the minister give us a statement as to the work that has been carried on during the past year?

Mr. MARTIN: As my hon. friend will realize, the new national health program involves a substantial increase in the activities of this division through the financial arrangements that are to be made and those already in effect now with the provinces. During the past year there has been a continued administration and distribution of the federal cash grant, materials and anti-venereal disease drugs to the provinces, according to the regulations set forth in order in council P.C. 1690. We have had the addition of a medical consultant, Doctor A. G. Laroche, to the staff of the federal division of venereal disease control. There has been the further development and distribution of venereal disease educational material and other educational activities. For instance, there has been the continuation of projects involving the review of venereal disease documents of all service personnel and the provision of information upon request to provincial venereal disease control divisions. Arrangements have been undertaken for production of an additional supply of anti-arsenical compound "BAL" for therapeutic and research purposes. We are engaged in preparing for the convening of the third federal-provincial conference of venereal disease control directors and participation in eastern and western regional conferences. There has been a continued compilation and expansion of quarterly statistical reports on venereal disease in Canada. Amendments have been enacted to sections of the criminal code dealing with prostitution. There has been increasing activity with respect to closer liaison with foreign countries and world health organizations. That, of course, is one of the important objectives in the control of venereal disease throughout the world.

The encouraging trend in the over-all venereal disease picture noted throughout the previous year has continued into the first quarter of 1948, as can be demonstrated by a review of the number of reported cases of syphilis and gonorrhoea. There were 736 less cases of venereal disease, all types, reported by physicians and to provincial health departments during this period, representing an improvement of about nine per cent. Distributed between syphilis and gonorrhoea cases in numbers of 164 and 528 respectively permit me to say that these represent a six per cent improvement in syphilis infections and 10 per cent in gonorrhoea cases. Early syphilis cases reported decreased by 213, or 24 per cent, while "syphilis others" increased by sixty-seven cases, or about four per cent.

It is both interesting and reassuring to note the precipitous fall in the reported cases of other types of venereal disease, namely forty-four cases, which, even though relatively insignificant in comparison with syphilis and gonorrhoea, represent an 80 per cent improvement.

I think my hon. friend will agree with me that, in spite of the serious proportions that still exist, much has been done in this field.

Mr. ROSS (St. Paul's): I should like to refer to the publication "Canada's Health and Welfare". Would it come under this item?

Mr. MARTIN: No; we passed that in the departmental administration item.

Mr. ROSS (St. Paul's): I notice that only 83,000 copies are issued. To whom do they

go? I was wondering if the publication gives value for the money spent. What are the results obtained? I should not like to see it go out of existence, but I wish to know something about it.

Item agreed to.

National health branch—

261. Distribution of drugs under regulations approved by the governor in council, $50,000.

Mr. FLEMING: What is the amount?

Mr. MARTIN: Expenditures were $49,440.92; no unliquidated commitments; total commitments, $49,440.92.

Mr. ROSS (St. Paul's): Did the minister say that the information for which I asked came under some other item?

Mr. MARTIN: My hon. friend was not speaking on the right item. By the Chairman's nod I knew I would be precluded from answering.

Mr. ROSS (St. Paul's): Publications for educational purposes would come under this item.

Mr. MARTIN: I recall now that the hon. member was not in the house the other evening, and he told me later that he would like to ask a question in this connection. Perhaps, without creating a precedent, I might have the indulgence of the committee to answer. The publication to which the hon. member refers is one which I am sure all hon. members will agree is really effective. It is circulated monthly to the extent of over 80,000 copies. Those copies go to provincial governments, provincial health authorities and local health authorities, and are distributed widely throughout the country. It is based upon a recommendation made to us by the dominion council of health at its bi-annual meeting held in Ottawa. I have every reason to believe that it is a satisfactory publication. For instance, the articles on cancer, let alone the articles in recent issues on mental health, are being re-copied by journals and are being given radio coverage. These have received wide commendation. It serves as source material in an important educational way for people throughout the country.

Item agreed to.

National health branch—

262. Health insurance studies, $23,302.

Mr. KNOWLES: In connection with this item, I would be interested in having the minister's answer to the same type of question the hon. member for Eglinton has been asking. The minister will know my reason. Last year it turned out that not all the moneys appropriated for health insurance studies were spent. How much of the money appropriated for the past year has been spent, and why is there a reduction this year as against last year? What progress has been made in health insurance studies during the past year?

Mr. MARTIN: From what my hon. friend said the other night, I fully expected him to ask this perfectly proper question. Because of the importance of the matter, perhaps I should deal with it in a somewhat more extended fashion than I otherwise would.

First of all, the expenditures are $6,652.61, and the unliquidated commitments are $28.27, or a total commitment of $6,680.88. May I say at the outset what I said last year, that this particular division of the department is so important that I as minister was not going to recommend the appointment of anyone who, in my judgment, had neither the competence nor the conviction in terms of belief in the general proposals of some form of system of health insurance.

I am sure the hon. member and the committee generally will agree with this. Certainly all one has to do is to speak to any minister who has had anything to do with the administration of this department to find out that the personnel in the country available for this work is extremely limited.

I am hoping to be able to announce shortly the name of an individual in this country whose eminence in the field of national health administration is unquestioned. It is hoped that that person will be able to take over the administration of this division of the department. I am sure that if satisfactory arrangements can be made in connection with getting this individual it will win not only the commendation of the house, but of the country.

The cut in the expenditures as indicated in the estimates is not at all indicative of the work that has gone on in this branch. I have arranged, during the past year, to have attached to this particular division Doctor B. D. B. Layton, who has been engaged in other pursuits in the department, and who had special qualifications for this work of health insurance studies. He has been engaged throughout the whole of the past year in this particular field. His salary is being voted in another division. So that, while the salary of the director under this particular branch has not been actually expended, the important thing is to make sure that the work is being done.

Mr. KNOWLES: What is that other division?

Mr. MARTIN: The venereal disease control division.

I do not like to mention names, but I mention these names because they will be known to those who are familiar with this subject as being among those who have special competence in this field. Mr. J. W. Willard of our research division, formerly executive secretary of the Canadian medical procurement and assignment board and one of those who directed the national health survey in 1943, has been in charge of the health planning program carried on by our research division in collaboration with others in the division who are engaged in health insurance studies.

Both of these men have devoted their entire time during the past year to the work of this division. They have had the full-time assistance of Doctor J. H. Horowicz, Miss M. Van Duzen, Mr. C. D. Allen, Mr. J. A. Macdonald and Miss B. J. Stewart, together with supporting clerical and stenographic staff.

With respect to specific grants under the program to be covered by the supplementary estimates and as announced by the Prime Minister some time ago, in addition to these individuals we have had certain senior members of the department devoting a considerable portion of their time to this work during the past year. It will be realized, of course, that it is difficult to assess exactly the actual proportion of time which these officers have devoted to this work.

The director of the mental health division, Doctor C. G. Stogdill, because of the pre-eminent importance of his work in this field, has been an indispensable person for this work. Likewise, Doctor H. A. Ansley, the assistant director of health services, and Doctor Couture of the child and maternal health division, as well as Doctor Davidson, deputy minister of welfare, and Doctor Cameron, deputy minister of national health, have made invaluable contributions.

In addition, I have enjoyed the most extensive collaborative services of Doctor H. M. Cassidy of the University of Toronto. He spent all last summer and part of the fall on this work and continues to act in a consultative capacity.

I have calculated by mental arithmetic that, during the past year, the value of the time that all these individuals have devoted to this particular division would have exceeded $100,000. While I cannot say what the supplementary estimates will reveal in this connection, my hon. friend will see there submissions for the administration of our new health program which I know will please him and satisfy most hon. members.

Mr. KNOWLES: I think the minister will recognize the spirit and the truth of what I say when I suggest that he might well withdraw the objections he made the other night when I mentioned this on the first item, because it has given him an opportunity to get ready the statement he has just made.

Mr. MARTIN: This statement was made last fall. I always anticipate my hon. friend.

Mr. KNOWLES: Does the minister suggest that there has been nothing done since last fall and that this statement which was prepared then is still an up-to-date report?

Mr. MARTIN: I have just indicated what has been done, which is considerable.

Mr. KNOWLES: Although the minister has done some mental arithmetic to suggest that more than $100,000 has been spent on this work, I do not think it can be taken that the people the minister talks about as being in other divisions spent their full time in two or three different capacities. The minister speaks of the great importance of this work and the considerable time or full time spent upon it by these various people, and yet they all have other jobs to do as well. As I listened to the minister's statement, I am afraid that it did not impress me as much as the words in it might be calculated to do.

The minister spoke of, and we agree with him, the desirability of delaying any appointments in this branch until it is possible to get someone who would go into it with conviction. He says he wants somebody who really believes in a program of health insurance. Some of us are wondering whether or not the government has any conviction on this matter and really means to go ahead with it. There is not a great deal of difference between what the minister said today and what he said a year ago in reply to my deskmate, the hon. member for Mackenzie. As I listened to the names of the persons which he read they seemed to be in the main the same persons. I have not the figures before me that he gave us last year, but the minister has now told us that for the year 1947-48 there was appropriated $27,863, of which only $6,680.88 has been spent. I am afraid we shall have to judge the seriousness with which this problem has been pursued, by those figures.

I hope that the minister will not start this fall to prepare a similar statement with which to answer the same kind of question next year, but that rather in the meantime this important question will be pressed with real conviction. It is not good enough to be talking about what we are going to do in the future about the health of the Canadian people; it is

not good enough to be thinking about some glorious day in the distant future when people will no longer have to mortgage their whole lives in order to pay hospital, doctor and other bills; it is time for action now. I hope that the word "conviction" which the minister used is something that will be demonstrated by the pursuit of this important matter.

Mr. MARTIN: I cannot urge my hon. friend to accept what I have said if he does not want to, but I simply say there has never been as much activity in this division as there has been during the past year. The immensity of the program which we shall discuss next week clearly indicates the importance of that. If my hon. friend does not accept my word, I ask him to accept the word of Doctor Mott, who will confirm everything that I have said. I have enjoyed the collaboration and profited from the great experience of that gentleman. My hon. friend says nothing has been done and he refuses to accept the word of the minister. I can only assure him again that my own interest in this matter, apart altogether from the commitments of the government, must be regarded as indicating the tremendous amount of activity that is going on.

Mr. KNOWLES: On the minister's own statement, the department spent only $6,680 last year.

Mr. MARTIN: What I said was that we had utilized the services of men like Doctor Cassidy, and that is not calculated in that expenditure. Nor has my hon. friend calculated the time spent by qualified individuals in the department who have been working almost incessantly.

Mr. KNOWLES: They are good people.

Mr. MARTIN: I am glad that my hon. friend says they are good people. Apart from the individual whose name I hope to be able to announce shortly, I doubt if there is any group in the country more technically qualified in this field than these gentlemen and these women.

Mr. FLEMING: I should like to make some observations, but in view of the minister's statement and the stress that he has placed upon the announcements to be made next week on the supplementary estimates, I am prepared to defer judgment on the work that has been done in this branch during the past year until we have the facts before us.

I simply say in passing that while the minister has been at pains to indicate the amount of work that has been done, and the fact that the actual amount of expense does not represent the entire amount of work that has been devoted to this subject, nevertheless the committee will want some further proof of progress toward health insurance than he has yet given. As I say, I am not offering judgment at the moment. I am suspending whatever I have to say on this subject until we have a full statement next week, but we shall be looking for a statement next week of some definite headway toward health insurance. That is one of the most conspicuous features of the statement made by the Prime Minister in this house on May 14.

Mr. MARTIN: Let us wait until we come to that, shall we?

Mr. FLEMING: At the moment I am speaking of something that was not in the statement. While the Prime Minister dealt with a number of matters in relation to health services, there was not anything said there, there was not a promise held out of something definite in the way of progress toward health insurance—

Mr. MARTIN: My hon. friend has not read the Prime Minister's statement too carefully.

Mr. FLEMING: I not only heard it, but read it. The Prime Minister dealt with a number of subjects in relation to health services. What I am saying to the minister is that the house will be looking now more than ever, in the light of the statement he has just made, for some earth-shaking statement next week from the minister as to some progress being made in this country toward health insurance. If we do not get that statement, there will probably be further debate on this subject.

Mr. MARTIN: I have known my hon. friend too long not to appreciate the extent of his warnings. They frighten me not too much. I simply tell him that the nature of the announcement made by the Prime Minister and the details of the program are of such fundamental significance in this country—

The DEPUTY CHAIRMAN: Order. We shall deal with the item before us.

Mr. MARTIN: I am dealing with health insurance studies.

Mr. FLEMING: Dealing with that which was not dealt with in the Prime Minister's statement.

Mr. MARTIN: The details of the program are of such fundamental significance to this country that the appraisal put on them by my hon. friend falls far short of their real worth and content.

Mr. FLEMING: The minister has undertaken to make a comment on the things that were in the Prime Minister's statement. I made

a comment on something that is not in the Prime Minister's statement. If the minister wants to make an ex parte statement of that kind in praise of the Prime Minister's proposals I am just going to tell him that the statement fell far short of the country's expectations; and if that statement is not supplemented next week by announcements which will meet the expectations of this house and of the country, then there will be another debate on the subject.

Mr. GILLIS: Mr. Chairman—

The DEPUTY CHAIRMAN: We are on item 262, health insurance studies.

Mr. GILLIS: That is right. I have just a few words to say on it. We have to do more than study the problem. We shall have to do something about it. I listened with interest to the minister's statement. I do not suppose there is anyone in the house more anxious to do something about the problem than the minister; but I realize also that the minister is faced with considerable difficulty in inaugurating the kind of insurance plan that should be inaugurated. Unless we change our basic thinking in the field of medicine, no minister or no government will be able to solve the problem. All we are doing about these basic problems is carrying on a lot of studies. The people of Canada are awakening to the fact that something more than a compilation of statistics on the problem is necessary in order to give us any kind of reasonable assurance that we shall provide the health services necessary for the people of Canada.

I listened to the hon. member for Lanark last evening. He dealt with the subject of arthritis. A lot of studies have been made, and the problem is thoroughly set out. We realize that we do not know much about the disability, but we are still probing around, trying to find some solution. The same situation applies to practically every disability or disease to which the human being is heir.

As outlined by the Minister of National Health and Welfare, the Prime Minister has made a gesture. He has told the provinces that he is willing to grant them certain sums of money for the purpose of carrying on research in certain fields, and for the purpose of providing more adequate hospital facilities and so on. But that is not a solution. I do not want the minister or hon. members to think I am speaking just as a socialist and expressing my own opinion. I am going to read an editorial which applies to one section of the country. It comes from a sensible and intelligent paper, namely, *The Maritime Co-Operator*. The point I want to bring home to the minister is the shortage of doctors and nurses in this country.

Mr. MARTIN: The whole program deals with that very thing. I do not think my hon. friend would be doing justice either to himself or to the committee by going into details now.

Mr. GILLIS: I am not going into details.

Mr. MARTIN: The hon. member is talking about the shortage of doctors and hospitals. That is all covered by the program, the supplementary estimates for which will be introduced next week. I think my hon. friend will find that a convenient place to discuss it. In fact, I suggest with great respect, that if a point of order were taken, that is the only item on which he could properly discuss these matters.

Mr. GILLIS: I am not going into details. I am going to be brief and abrupt. What I want to prove is this. As I said in the first place, unless we change our basic thinking in the field of medicine, all this talk about studying and providing a health program for the people of this country is only so much talk.

The minister says we are going to overcome these things, but we do not overcome it overnight. You do not train nurses and doctors and put them in the field overnight. Even after that is done, if we still continue, as we have done, to concentrate the doctors in the large urban centres, we shall have the great majority of our population in the rural centres without any medical services, even under the program that the minister outlined.

I do not want to go into details. The figures are known. So far as the government is concerned, I do not think there is any mystery about it.

Mr. MARTIN: That is why we announced the program, and the proper place to discuss it is when we reach the estimates dealing with it.

Mr. GILLIS: In the next fifteen years you are going to train enough doctors and nurses under the kind of program that the minister has in mind; but in the meantime, what will happen to the people of this country? I do not need to give the figures. I have the figures from the statistical departments of government. They have been put on the record. My point is this. So long as you keep the dollar sign on medicine; so long as the medical profession adopt the attitude that they will live where they like; that they will work how they like and will charge what they like; so long as they take the position that medicine is not a service to humanity but rather something to sell, no government will be in a position to give the people complete service in that field.

Today the doctors are concentrated in Montreal, Toronto and Vancouver; and Nova Scotia and the maritimes generally—

Mr. MARTIN: I do not like to raise a point of order when the hon. gentleman is the victim; but if he is allowed to carry on I should be given the chance to reply. The matter that he is now discussing to which we in this department attach the greatest importance, is one feature of the new program. When the supplementary estimates are under discussion this particular problem can be fully discussed; but I suggest that it cannot be discused on this item.

Mr. GILLIS: I am not going to argue about the matter at all. I would not have risen in my place had it not been for the cross fire between the minister and the hon. member for Eglinton. I had no intention of speaking on this subject at all, but I do not want to remain in my place and let anyone in this house kid me or kid the people outside that we can do this kind of thing by some more studies. I am not going to argue any further with the minister. I would suggest that if he did not make so many speeches himself others would not make many from this side.

Mr. MARTIN: That is right. I never agreed more fully with anything.

Mr. HANSELL: I notice that under this item extensive studies are being made of health insurance, and I would suggest to the minister another form of insurance which I think should be established. I am thinking of insurance against improper diagnosis, where mistakes are made by the medical profession. This matter came to my attention through a case with which I am familiar and which I regard as most serious. I do not suppose the suggestion I am about to make will be acceptable to the medical profession, for whom I have the highest regard. I say we have the highest regard for them because, if it were not for our medical practitioners, it would go hard with us. If we have a stomach ache the first thing we do is to call in a doctor and we have to trust him to prescribe for us.

I make no complaints, because I recognize that mistakes are sometimes made. Not even medical practitioners are perfect. We know, however, that when such mistakes are made the one who suffers is the patient and he has no redress. The medical man may say: Yes, he can sue through the courts. I think, however, it will be generally agreed that the patient has not one chance in a thousand of getting any redress by that procedure.

I suggest to the minister that something be done to set up an insurance scheme of this kind for the protection, not only of the patient but of the medical men themselves. The case in which I am particularly interested is this. A man took treatment for a certain malady which he thought was rheumatism, and the treatment given him consisted of radium, by which evidently he was burned. He is quite confident that in the process of the treatment a mistake was made. He sought legal advice, and the lawyer said to him, "I think we have a clear case. There is no question according to the story you have told me that a mistake was made; but I would not advise you to sue, because I do not believe you have one chance in a thousand of succeeding. You would have to call other medical practitioners to give advice". The lawyer then outlined the procedure that would have to be followed.

That man has been on his back for nearly a year. I visited him lately and he asked me whether something could not be done. It is costing him nearly $1,000 a month. While I was visiting him, the nurse dressed his wounds. In his back there is a hole six inches in diameter and one can see his bare spine. The medical men are doing all they can for him; and I thought, by the look of the wound, it was being gradually cleaned and eventually the doctors might be able to operate and bring the flesh over. Specialists were called in from the Department of Veterans Affairs, men who had been practising for many years in the treatment of wounded veterans. I believe they are doing a good job in the effort to make this man well, but unfortunately he is suffering. Some mistake was made, and he is left a sufferer who is heavily in debt.

These cases may not be numerous, but something should be done for the protection of both patients and practitioners. Perhaps the medical men will oppose a suggestion of this kind. I am not proposing that the patient pay the insurance. I am suggesting that the medical profession should have some type of insurance to protect them in such cases where patients must seek redress for mistakes that have been made.

Mr. MARTIN: The hon. gentleman was good enough a few days ago to discuss this matter in detail with me. As I told him then, and I repeat it now, it will be carefully studied.

Item agreed to.

National health branch—

263. Dental health, $42,551.

Mr. FLEMING: What are the expenditures?

Mr. MARTIN: Expenditures, $32,617.03; unliquidated commitments, $6,579.12; total commitments, $39,196.15.

Mr. MacNICOL: I wish to bring to the minister's attention something a little more pleasant than he has been hearing for some time. I refer to the high honour that has come to the dental profession of Canada through the award made to Doctor Harold Keith Box, D.D.S., Ph.D., of Toronto, as a result of his years of investigation into periodontology. Recently Doctor Box was awarded the Jarvie medal, being the second Canadian to have won it since it was first presented in 1905. It is undoubtedly a high honour that has come to this Canadian, who has devoted a lifetime to the study of the subject, and who is recognized as an outstanding authority in Canada on periodontology. I should like to read something in this connection:

This coveted fellowship gold medal is awarded annually by the dental society of the state of New York. It was presented to Doctor Box at its eightieth annual meeting at Syracuse, N.Y., on May 10.

That is this year. I might say that Doctor Box was born in the riding of the hon. member for Lanark, I believe in the fine thriving town of Carleton Place. This is a great credit to the county of Lanark. To continue:

This is the second time that a Canadian dentist has been so honoured since the inception of the award in 1905.

Then the article goes on to say what the award is for:

The award is made to the individual who has contributed outstandingly to original research or whose high attainment and professional career have been of such a character as to have materially advanced the science and art of dentistry.

And Doctor Box has done that. I have been in his office at various times, and there have met patients from the various European nations, from most of the states of the American union and from all over the world. To continue:

Doctor Box is at present research professor of periodontology in the faculty of dentistry, University of Toronto.

Along with being a professor in that university, he conducts his own research office. To continue:

The work and progress of the department of periodontology in the faculty of dentistry, Toronto, has achieved wide recognition under the leadership of Doctor Box. In a recent graduate course conducted during the week of May 3 dentists were registered from the states of Texas, Ohio, Indiana, Nebraska, Louisiana as well as several Canadian provinces.

A great honour is done to the University of Toronto when these students come from practically all over the United States. Just a word or two more. To continue:

Recent visitors to the department include Dean Alphonso Leng of the University of Santiago, Chile; Doctor Emil Schulz of Prague, Czechoslovakia; Professor J. J. Holst, professor of dentistry, Copenhagen, Denmark; Doctor J. Axel Hojer, surgeon-general, government of Sweden; Doctor Valy Menkin, associate professor of experimental pathology, Temple University, Philadelphia; Doctor Frank Beube, acting head of the department of periodontology, Columbia University.

I may say that I myself met one or two of these people during my visits to Doctor Box's office. My last word is this:

In receiving this award he not only brings honour to himself and the faculty of dentistry, University of Toronto, but also to Canadian dentistry.

I should like to say it is an award for outstanding persistence and diligent study in the field of peridontology. This award has brought great honour to Canada and to Lanark county where Doctor Box was born.

Item agreed to.

National health branch—

264. Hospital designs, $24,664.

Mr. POULIOT: I suggest that all the temporary buildings should be used as hospitals. Here in Ottawa we have a number of temporary buildings that were constructed during the war. They cover an immense area. We hear complaints from all over the country that there are not enough hospitals and that there is too much bureaucracy. Why do we not fire the bureaucracy and use these buildings for the sick, the poor and for institutions for the old? Ottawa would be an ideal city for the convalescence of those who need some special care. I suggest this in passing for the attention of both the Minister of National Health and Welfare and the Minister of Public Works, so that those buildings may serve a definite purpose for once, at least.

Mr. MARTIN: I have noted what has been said by the hon. member, and I will pass it on to the Minister of Public Works.

Mr. POULIOT: Thank you.

Mr. FLEMING: May we have the expenditures?

Mr. MARTIN: Expenditures, $18,722.51; unliquidated commitments, $15.20; total commitments $18,737.71.

Item agreed to.

National health branch—
265. Mental health, $79,847.

Mr. McKAY: Will the minister make a statement with regard to the new health program, on what is to be done about mental institutions?

Mr. MARTIN: That will be done when the supplementary estimates come in next week, in accordance with the Chairman's ruling.

Mr. MacINNIS: Can the minister tell us when the public health estimates will be brought down? Will it be the evening before we prorogue, or will it be several evenings before that? That is important, because there is no use in putting us off, unless the minister is quite sure that he will give us plenty of time to discuss this matter.

Mr. MARTIN: I can only say that I do not make the rules of this committee. The other night I tried to discuss the program and, as hon. members will recall, the Chairman, called me to order. The Minister of Finance has control of the supplementary estimates. I spoke to him about the matter this morning, and he assured me that he was hoping that by the middle of the week or thereabouts he would be able to get the supplementary estimates down, so that we could have full discussion on this item.

Mr. FLEMING: May we have the expenditures on this item?

Mr. MARTIN: Expenditures, $47,730.82; unliquidated commitments, $1,582.34; total commitments, $49,313.16.

Mr. MacINNIS: In reply to the minister, who has said he does not control the rules of procedure and he cannot say when his estimates will come down, may I say he has a wonderful lullaby for the committee in his statement that we shall discuss all these things when the estimates are brought down. I am just telling him that we may or we may not. It depends on what time they are brought down.

Mr. MARTIN: As soon as possible. I cannot say when.

Mr. KNOWLES: Is it a lullaby or a swan song?

Mr. FLEMING: Before we leave that point, this matter was discussed on June 11 when the first ruling was made; and the suggestion from the minister was concurred in on the understanding that the supplementary estimates on this matter, which are so important, would be brought down in time for ample discussion.

Mr. MARTIN: That will be done.

Item agreed to.

National health branch—
266. Blindness control, $44,510.

Mr. FLEMING: Expenditures?

Mr. MARTIN: Expenditures, $18,338.51; unliquidated commitments, $20,120.91; total commitments, $38,459.42.

Mr. ROSS (St. Paul's): Will the minister give some indication as to what this control means? I have no idea about it.

Mr. MARTIN: The main purposes of this division are to arrange medical examinations for those applying for pension for the civilian blind, pursuant to the Old Age Pensions Act and the amendments thereto of last year, when the age was reduced to twenty-one; and, on the evidence submitted, to decide the eligibility for pension. We also seek to arrange medical re-examinations and make all necessary inquiries regarding the pathological condition causing or leading to blindness.

Mr. BRYCE: I have some blind people in my constituency, and I am quite sure that all hon. members in the committee will agree with me when I say we cannot do enough for those people. I wonder if the minister received a copy of this pamphlet from the Canadian council of the blind?

Mr. MARTIN: Yes.

Mr. BRYCE: Does the minister care to comment on the sixth point?

Mr. MARTIN: That should be dealt with under the old age pensions item under which that particular matter comes. That is with regard to changes in the Old Age Pensions Act.

Mr. BRYCE: The sixth point is for the prevention of blindness. If we could prevent blindness or provide people with proper care in their infancy, many dollars would be saved later on.

Mr. MARTIN: I quite agree. I announced the other night the new program established under this department for the prevention and cure of blindness in those drawing a pension. Thus far we have been able to enter into an arrangement with New Brunswick and with Nova Scotia. I am hopeful that this will be

followed up by agreements with the other provinces to meet the very important problem of blindness.

Mr. KNOWLES: What is the reason for delay in getting the other provinces in the plan?

Mr. MARTIN: It is up to them.

Mr. KNOWLES: Has the offer been made to all the provinces?

Mr. MARTIN: Yes, to all of them.

Mr. KNOWLES: How long since?

Mr. MARTIN: Over a year ago.

Item agreed to.

National health branch—

267. Epidemiology, $22,704.

Mr. MARTIN: The expenditures last year were $5,020.82; unliquidated commitments, $51.52, and total commitments, $5,072.34.

Item agreed to.

National health branch—

268. Grants to institutions assisting sailors, in the amounts detailed in the estimates, $2,400.

Mr. MARTIN: The expenditures were $2,400 last year.

Mr. ARCHIBALD: The minister stated that his department had a new look. I should like to see a new look with respect to the Canada Shipping Act, so far as that part of it is concerned over which the minister has jurisdiction. The one outstandingly foolish thing in that act is that if a seaman gets sick in a foreign port he gets free treatment there—

Mr. MARTIN: That is covered by item 255, which we have passed.

Mr. ARCHIBALD: Item 268 covers grants to institutions.

Mr. MARTIN: These are grants to specific institutions. Surely Mr. Chairman, my duty is to point out the item we are discussing; otherwise there can be no order. The matter to which my hon. friend is referring is covered by an item that has already been passed. I do not want to stop him. I only point out that that is the fact.

Mr. ARCHIBALD: Sometimes we cannot hear the items called. I have not been in the habit of holding up estimates, and perhaps I might be allowed to say what I have to say on this item.

The DEPUTY CHAIRMAN: The hon. gentleman does not take up much time, and perhaps the committee will permit him to continue.

Mr. ARCHIBALD: Thank you, Mr. Chairman. The one thing that is absolutely foolish in that part of the Canada Shipping Act which is administered by the minister is that if a seaman becomes sick in a foreign port he can get treatment there, but when he is shipped home in another boat he cannot get treatment because he did not come back in the same hull. Suppose the boat on which he became sick was sunk. How could he ever get back in that boat? The Minister of Transport has taken out several of the kinks in that part of the act which comes under his jurisdiction, and I would ask the Minister of National Health and Welfare to do the same with that part of the act which comes under his jurisdiction.

Item agreed to.

National health branch—

269. Medical services—Indians and Eskimos, $7,187,530.

Mr. BRYCE: I have a great many Indians in my constituency, but not many Eskimos. I have taken up the matter of Norway House with the minister repeatedly, and he has given me a lot of information. I asked him about it last year, and I think he will be able to do a good job there this year. Would he tell us what his department is doing in that north country?

Mr. MARTIN: My hon. friend, who has been a member of the Indian affairs committee, has been interested in this problem of the health of Indians, as have so many other members who have an Indian population in their ridings. As he knows, we have embarked upon a considerable hospital construction program for the Indians, particularly in western Canada, and I am hoping that very shortly we shall be able to direct our attention to a greater extent than hitherto to hospital construction in the east. We regard the institution at Norway House as not being fully satisfactory; and, just as soon as prior needs can be disposed of, our intention is to improve the situation at Norway House to which my hon. friend directed my attention last year in the house and several times afterwards.

Mr. MacINNIS: Has the minister any information to indicate that the health of the Indians is improving or otherwise? I made a study a few years ago of the incidence of tuberculosis among the Indians, and I was promised at that time that better medical facilities would be provided for the Indians. What improvements have taken place in that regard, if any?

Mr. MARTIN: This is an important matter and it is one to which I have given a good deal of personal attention. I spent all last fall seeing for myself just what the situation was in British Columbia, Alberta, Saskatchewan, Manitoba, the northern part of Ontario, some sections of Quebec along the St. Lawrence, New Brunswick and Nova Scotia. I covered as many of the areas coming under this department as I could, and I am happy to be able to say there has been a reduction this year in the mortality rate among the Indians to the extent of seventeen per cent. I think that is almost a phenomenal result.

Mr. MacINNIS: Over how long a period?

Mr. MARTIN: Over the past year. It is due to many factors. It is due in part to improved nutritional knowledge and the dissemination of that knowledge among the Indian and Eskimo population. It is in large part due to the aggressive work that is being carried on in trying to bring the doctor and the nurse and the hospital into the more remote parts of our country.

Hon. gentlemen who live in Alberta, for instance, will bear testimony to the great value of the tuberculosis hospital, the Charles Camsell hospital, of 350 beds. It is one of the outstanding institutions of its kind devoted exclusively to the treatment of tuberculosis among the Indians. We have also had a hospital constructed at Coqualeetza, and a new hospital at Nanaimo, of 250 beds, as the hon. member for Nanaimo will likely confirm. I think he has visited the hospital. We have also another hospital at New Westminster; a new hospital at Brandon, another at The Pas, and we have a projected new hospital in one of the most densely populated Indian districts in Canada, the James bay district, where the tuberculosis rate is the highest.

The budget for health of Indians this year amounts to $7,500,000, as compared with $5,000,000 last year, and less than $700,000 in 1928. That gives one an idea of the accelerated program that is under way. Money is no measurement of these things, but it is an indication. That we have a real problem is emphasized by the fact that one per cent of the population of this country is responsible for twelve per cent of the tuberculosis in Canada among our native population. That is a challenge, and it is one which I am proud to say we are meeting on an accelerated plane.

There is a great deal yet to be done. I can say only this, that we have had the collaboration of many agencies. For instance, we are now in process of completing X-ray surveys of the Indian population in many parts of our country. I might mention the successful X-ray survey made recently by our own director of Indian health services along with Doctor Tisdall of the Toronto sick children's hospital and others associated with them. That was a survey made in connection with anthropologists who are still in the area living among the Indians. This survey is giving to medical doctors and those who have to deal with the medical health of the Indian population a greater degree of knowledge and an ability to deal with the problem which has never existed before.

I should like to thank the medical profession throughout the country, and particularly some of the medical colleges, for what they have done and the assistance they have rendered the department in this important work. I should not like to single out any individuals, but I would take occasion to thank Doctor Frappier of Montreal, and his colleagues, for the highly important work they have done with regard to B.C.G., and the effect it has had on all our institutions, particularly the one under Doctor Simes at Fort Qu'Appelle in the Qu'Appelle valley.

Mr. MacINNIS: I wish, first, to thank the minister for the full answer he has given to my question. Is there any change in the number of cases of tuberculosis among the Indians which are being reported? By treatment we can extend the life of tubercular patients, perhaps effect quite a number of cures. But the real control of tuberculosis lies in a better living standard and a better standard of hygiene in the homes. What is being done in that regard? Is the number of cases going up or coming down? I could understand that, because of the detection service in the department, the number might go up.

Mr. MARTIN: As I said a moment ago, we have pursued a new policy of case finding through extensive X-ray surveys. The result of that improved method of detection has been a knowledge of a greater number of cases.

With regard to the social aspects of the problem, my reply would be that this matter is under the Department of Mines and Resources. However, what the hon. member says is quite true. Much of the condition we have been discussing is due to social conditions which are related to better nutrition and like factors. Until the problem is tackled in that basic way, it will always be a problem.

Mr. WARREN: I was somewhat disappointed when, in the minister's report regarding tuberculosis among the Indians, he failed to give credit where credit belongs. Travelling from one reserve to another, evidently he did not visit the reserve at Golden Lake in the constituency of Renfrew North.

I hope the minister knows that what has been happening in the last few years on that reserve has had much to do with the reduction of tuberculosis among Indians all across Canada. I told the story in the house either last session or the session before; perhaps it was three years ago. A marvellous transformation has taken place at Golden Lake. Formerly it was considered one of the most unsatisfactory reserves in Canada. It is not a large one. Back about 1938 someone had the idea—I had something to do with it myself—of making a definite change in the handling of that reserve. I remember suggesting that, by the purchase of a tractor so that the land could be torn up, thereby permitting the people to work, much could be done to permit the Indians to support themselves. Instead of a tractor being purchased, a good team of horses was bought. Fortunately a teamster who was proud of his horses and was anxious to keep them well groomed and harnessed was retained. Adequate machinery was purchased, and the Indians began working together. They dug a pit in which to keep their vegetables, and then began to grow vegetables.

The point I intended to develop was that it was in this reserve that the raising of goats was initiated. This was not done because of any shortage of milk. I doubt if many of these people drank goat's milk, because they had easy access to pasteurized milk at Eganville dairy. However, they raised these goats for shipment to other reserves. An Indian chief went to the Golden Lake camp from one of the Nova Scotia reserves, and took quite a number of the goats back with him. They are shipped throughout Canada, and even to the nomadic tribes in which Indian children never see milk from the time they are weaned.

These people when they are starting out in the spring in their canoes or boats, take their goat along. The goat's legs are tied and she goes along in the canoe. Thus they always have a supply of milk.

Then, let me point out that they have not had a new case of tuberculosis on Golden Lake reserve since they started keeping goats. In addition to raising their own vegetables, they raise pigs. Each Indian family is supplied with one or two pigs, as required. They also export chickens. They bring in the baby chicks in the spring of the year. When they are old enough to stand the trip they are shipped to far away reserves. Wonderful progress has been made in co-operative effort in that little community. In days gone by you would never see anything but a few green poles for fuel in front of their homes, but now they go out together on the reserve to cut their wood, which is sawn co-operatively. Now you see in front of the Indian homes piles of dry wood to which they have access during the year.

They are constantly improving their homes and building more modern homes. A lot of credit is due to the efforts of the officials of the department and some fine people on the reserve. A celebration is to be held soon, and I should like to have the minister come and take a look around Golden Lake reserve. I am sure that many members who have been spending time in the Indian affairs committee could usefully spend some time in going to see what has been accomplished at Golden Lake.

Then a word in connection with these goats. As is known, these animals are hard to fence in, but this is being done. I understand that goat's milk plays a great part in the control of tuberculosis among Indians and, I presume, among white people as well.

Mr. MARTIN: There was expended under this item $5,176,387.17; the unliquidated commitments amount to $21,909.12, and the total commitments to $5,198,296.29. I know the Golden Lake reserve quite well, having spent most of my boyhood within a few miles of it. I have visited it twice since I was appointed minister. In speaking about what has been done on the reserve, the hon. member, perhaps because of his modesty, has not mentioned the contribution he has made to this great work and his representations to the department on behalf of these people.

Mr. CAMPBELL: Is the hospital at North Battleford operating, and what staff is there?

Mr. MARTIN: It is partly staffed and is receiving patients. This will be done to a greater extent just as soon as the necessary equipment is made available.

Mr. ROSS (St. Paul's): During the last two months Doctor J. A. Campbell, a prominent veterinary surgeon in Toronto, the curator of the zoo, has been up in the James bay area. He suggests that goats could be raised in that part of the country, because they could live off the land.

Mr. MARTIN: Experiments are being carried on by the department.

Mr. CASE: I am sorry I was not present when the minister made his statement, but we were busy in the Indian affairs committee dealing with the report for this session. We have evidence of the importance of the medical services that are being provided for Indians and we have had an opportunity to learn something of the progress that has been made. Doctor Moore and Doctor Tisdall gave a fine

lecture with lantern slides, showing the inroads of disease among Indians, especially those in remote regions.

I am wondering whether provision is being made under this item for the capital cost of the new hospitals that are being provided. I should like to know also the general attitude of the department with respect to the Eskimos. It is my considered opinion that it will be more difficult to bring them within the status of Indians than it will be to determine the future of the Indians. It is a question whether they are closely related to the Indians.

There is another matter which I presume comes under this department. As is well known, Indian affairs are still under the Department of Mines and Resources, but the medical services are now provided by the Department of National Health and Welfare. I am wondering if the department has considered the granting of old age pensions to Indians. This will be a recommendation of the committee. I realize that this might not be on the same set-up as would apply to other citizens, because there is a provincial contribution along with the federal contribution; but from my own observations I know this would be greatly appreciated by the other Indians, the disabled Indians and the blind Indians. They need something to improve their security.

It has been my privilege to visit many Indian reserves. While some progress has been made, there is still room for improvement, because many of them are in a deplorable state. Credit should be given to the department for the health and welfare work they have carried on. They have provided considerable medical facilities and care for the Indians; and I hope that this, along with the additional educational facilities that have been provided, will greatly improve their status.

At six o'clock the committee took recess.

After Recess

The committee resumed at eight o'clock.

National health branch—

269. Medical services—Indians and Eskimos, $7,187,530.

The DEPUTY CHAIRMAN: We are still on item 269.

Mr. CASE: In this item is there any capital cost toward the construction of new hospitals? What is the department's attitude toward providing the Indians with the old age pension?

Mr. MARTIN: In the main item there is approximately $1,500,000 for new construction.

[Mr. Case.]

With regard to the other matter, when we reach the appropriate item in the estimates we shall discuss it.

Mr. FRASER: Is any provision made for the Indians off the reserve? Some of the half-breeds have no other means of looking after themselves.

Mr. MARTIN: Like any other person, they are citizens of the municipality.

Mr. FRASER: They do not come within the municipality, owing to the fact that the government has allowed them to live on government land. They do not pay any taxes. The government looks after them in no way, except that they live on this land and the municipality in which they live is charged with their medical and hospital care and has been so charged for some years. It is not fair to the municipality.

Mr. MARTIN: With regard to medical care, they are treated in the same way as other Indians are treated. I thought the hon. member was talking about welfare generally.

Mr. FRASER: Are they treated as other Indians are treated?

Mr. MARTIN: In regard to medical care, yes, if they have Indian status.

Mr. FRASER: What about the half-breeds?

Mr. MARTIN: We do the same thing for them.

Mr. FRASER: Would you look after them?

Mr. MARTIN: We do, if they qualify under the act.

Item agreed to.

National health branch—

270. Grants to hospitals which care for Indians and Eskimos, $55,000.

Mr. PEARKES: I notice there is a reduction of $164,320 in this item. I presume that this reduction is due largely to the fact that new Indian hospitals have been established, as the minister intimated before the dinner recess, at such places as Nanaimo in my constituency. But there are also a large number of Indians who are not able to take advantage of these Indian hospitals which have been established in various localities. These other Indians have to go to the hospitals which are nearest to their reserves. It is known that the costs of running small hospitals have increased greatly in the last year or two. In fact, certain hospitals in my constituency, the King's Daughters' hospital at Duncan, and the Chemainus general hospital, have found that they

are quite incapable of taking in the Indian patients at the rates at which they admitted them prior to this year. Would it be possible for grants to be made to these smaller hospitals which must admit the Indian patients, and which cannot afford to admit them under the contract prices which were arranged previously between the Department of Indian Affairs, now the Indian health branch of the Department of National Health and Welfare? I should like to read an extract from a letter which I received recently from the administrator of the King's Daughters' hospital at Duncan which, I think, shows the difficulties under which these small hospitals are working. I shall read only the pertinent paragraphs. I shall keep my remarks as brief as possible:

> Our last year's financial statement showed a loss on operations of $1,429.74, and that in spite of the fact that we had received over $6,000 in donations from the public. The board of directors therefore decided that, if Indian patients want the services of the hospital, those services must be paid for at the regular hospital rates. You can understand then that if the Department of National Health and Welfare, Indian health services, will only pay a portion of the cost of hospitalization we must collect the difference from the Indian patients themselves. The hospital authorities have no wish or desire to bar the Indians from the hospital and its services, but the refusal of the Department of National Health and Welfare, Indian health services, to meet the increased cost of hospitalization has compelled them to adopt some measures to avoid loss on the hospitalization of Indian patients.
>
> In consequence the board of directors have advised the Department of National Health and Welfare, Indian health services that, unless they agree to pay the increased costs as from March 1 last, as advised by us in a previous letter, we shall have no recourse but to refuse the admittance of Indian patients to the hospital, except in those cases where the Indian patient himself or herself deposits sufficient moneys with the hospital on entry for treatment to meet any additional cost over the $5.

That is the contract price. Another part of the letter goes on to say that the hospital authorities will, of course, admit Indian patients in case of emergency. I have another letter which points out:

> Also we receive provincial and municipal grants in addition to this rate but for Indian patients neither of these grants are received.

In view of the fact that there is an item in the estimates which includes grants to hospitals which serve Indian patients, will the minister inform me what hospital receives these grants, and whether the Indians who are patients at the hospitals to which I have referred, namely, the King's Daughters' hospital at Duncan, and the Chemainus general hospital, receive grants? What steps are being taken to ensure that the hospital fees which are necessary for these hospitals to ask, because of the increased cost of hospitalization, are being paid? Is it the policy of the department to allow Indians to go to the hospitals when these Indians themselves will be expected to pay a portion of their hospitalization?

Mr. MARTIN: The reason for the reduction in this item is that we gave a grant of $200,000 to the Fort William sanitorium on condition that they build a wing for the exclusive use of Indian patients. That $200,000 grant has been paid to them, and this accounts in part for the reduction. We do not make a practice of giving grants to the institutions. We have to consider our budgetary situation and our arrangement with other hospitals, apart from those which are departmentally owned and operated, such as the ones at Nanaimo and at Coqualeetza. We have a per diem rate arrangement with all other hospitals. I can appreciate the situation my hon. friend has outlined. It was, however, our belief, after careful consideration, that the fairest all-round method is the per diem rate arrangement, whereby a hospital taking care of an individual Indian is paid by the department for his hospitalization. That is the arrangement all through the country, not only in the particular case to which my hon. friend has referred, but throughout the dominion, apart from our own institutions.

Mr. PEARKES: When the arrangement is not satisfactory to the hospital concerned, what happens?

Mr. MARTIN: It becomes a matter for mutual agreement; and, where there is dissatisfaction, our officers sit down and try to work out, in the light of costs in the area, as fair a proposal as possible.

Mr. PEARKES: Is that taking place now in the case of these two hospitals to which reference has been made? These matters have been referred to the department.

Mr. MARTIN: Actually at the present time we are in negotiation with those institutions.

Mr. PEARKES: You are in negotiation with those two hospitals?

Mr. MARTIN: Yes.

Mr. PEARKES: Is it likely that the Nanaimo hospital will be enlarged sufficiently, either in staff or in equipment, to take care of all Indians on Vancouver island?

Mr. MARTIN: I will not say all Indians on Vancouver island but, we hope, a considerable number of them. That hospital has recently been opened and we are increasing the bed capacity. It will serve a considerable area.

Mr. PEARKES: Right across from Chemainus on Kuper island, there is a big Indian school, and any patients from that school will naturally go into Chemainus hospital. I hope the officers of the department will try to get a settlement with the authorities of these two hospitals at the earliest possible date so that the matter can be adjusted. Can I get an assurance on that score?

Mr. MARTIN: My hon. friend has that assurance. Nanaimo hospital will take care of all but emergency cases.

Mr. MacINNIS: I have a great deal of sympathy with the point raised by the hon. member for Nanaimo, because I carried on an agitation for several years to get the Indian affairs branch to pay the same per diem rates for the hospitalization of Indians as the hospitals charge other patients. After considerable correspondence and agitation and many interviews, the last word I had a couple of years ago was that the department had come up to the prevailing rate for patients in British Columbia. The question, which I imagine has not been looked into, is what is now causing the trouble. When did the Indian branch last increase the per diem allowance rates? Rates have been going up; costs have been mounting steadily, and unless the Indian branch keeps pace with these costs, the hospitals cannot take care of the patients. I should like to know from the minister when the last increase in per diem rates was made, and what the rates were then, and what they are now.

Mr. MARTIN: There is no uniform rate. We are continually making adjustments and agreements with various hospitals throughout the country. Only two months ago I made an adjustment with St. Paul's in Vancouver; today I signed one in respect of northern Manitoba. We are doing that continually. The rates are not uniform; they depend upon cost factors. It does not cost the same to maintain hospitals in all parts of the country. There is at Fort Qu'Appelle a departmental hospital where, because of favourable local circumstances, permitting such things as growing their own vegetables, the cost is considerably reduced. It would not be reasonable to have a uniform rate throughout the country, for the reason that costs are different.

[Mr. Pearkes.]

Mr. MacINNIS: I appreciate that, but a hospital which the government itself might be running would not be in the same position in the matter of rates. You take care of costs, regardless of what they are. But when hospitals are run by private organizations and municipalities they must charge rates on an economic basis which would pay for the services provided. My understanding was, as far as most hospitals in British Columbia were concerned, at least the hospitals in the outlying parts, apart from hospitals in the larger cities, that the rate was fairly uniform. I forget what it was, but I believe it was around $3.50 a day.

Mr. MARTIN: The rates are much higher today.

Mr. FLEMING: Can the minister give the expenditures?

Mr. MARTIN: Expenditures, $200,000; unliquidated commitments, none; total commitments, $200,000.

Mr. TOWNLEY-SMITH: What is the reason for the drastic cut this year in grants to hospitals?

Mr. MARTIN: I gave that.

Item agreed to.

National health branch—

271. Civil aviation medicine, $21,704.

Mr. FLEMING: What are the figures?

Mr. MARTIN: Expenditure, $763.46; no unliquidated commitments; total commitments, $763.46.

Mr. FLEMING: Will the minister make a statement as to what is being done by the department in the matter of civil aviation medicine, in view of the fact that he has just announced that only $763 was expended on this item?

Mr. MARTIN: The director was appointed only a short time ago, about four months ago, I believe. This is a new operating division.

Mr. FLEMING: What are the plans for the coming year?

Mr. MARTIN. We are setting up physical standards for civil flying personnel; organizing and training a medical service to examine prospective pilots. We are seeking to set up machinery to assess medical examination reports and to advise on the suitability of applicants for employment, from the mental and physical point of view. We seek to advise on all problems in connection with health aspects of air travel, and supervise industrial medical services at airports. This division was

created at the instance of those who are operating our air services, so that we may study and advise, from the medical point of view, regarding the safety of air travel, and also to apply any benefits derived from experiments that are carried on, so far as they may affect civilian passengers. The director was appointed two months ago; I was in error when I said four months. He is in charge of this program.

Mr. FLEMING: That sounds like a large program when it is only at its outset, if the director was appointed only recently. Can the minister give in greater detail the work to be carried on through this branch?

Mr. MARTIN: The work will be carried on in close collaboration with the Department of Transport. This estimate is considered by the officers in charge to be a fair amount to set aside for the initial period. We shall have to wait until the end of this year to see the results of the operations of the new division.

Mr. FLEMING: Will the minister give the total of the health items corresponding to last year's estimate of $8,000,000 odd?

Mr. MARTIN: Expenditure, $8,287,030.76; unliquidated commitments, $160,885.09; total commitments, $8,447,915.85.

Item agreed to.

Welfare branch—

272. Welfare branch administration, $37,098.

Mr. McLURE: I wish to mention something that I brought to the attention of the minister, the department and the committee last year. There is a class of people who are sick, crippled or incapacitated in some way. With all the money that is being spent on national health and welfare, this class is entirely neglected. In my own constituency I have a number of cases about which I have written to the department from time to time but never could get anywhere with regard to my representations, because they would always refer me back to the welfare branch in the province, who in turn would not take care of these patients either. It is cases of that class that I wish to mention.

One case is that of a young man who is now thirty-five years of age, and who was crippled as a result of an accident when he was a child. He has been a burden, not only to himself but also to his parents who were not in a position to give him all the care and attention he should have had. After he lost his parents, who had taken care of him until that time, he became a burden on one of his brothers. This brother had a large family of his own, was engaged in fishing, and did not have too much of this world's goods with which to take care of his crippled brother. When this young man was about thirty years of age the doctors decided that they might be able to do something for him by amputating one of his limbs. This they did, and he is now more of a cripple than ever. If it were not for the goodness of his own brother he would be thrown out of the world entirely alone. There should be something in national health and welfare to take care of cases of this kind. There are many of them across Canada.

Another case that I wish to bring to the attention of the committee and the minister is that of a lady about fifty years of age who, in an accident a few years ago, lost an arm and was hurt otherwise. She is nearly crippled and is incapable of doing any work. She is the wife of a labourer, and these people find it most difficult to get along.

In mentioning these two cases, I am mentioning only two out of the many there are throughout Canada. Why cannot something be done through the welfare branch by way of the allowances that are made, to take care of such cases? As a result of writing to the department, as I said in the beginning, all I receive is the answer that it does not come under their jurisdiction and that there is no vote for it. It stops at that. I thought that possibly, by my now bringing the matter before the minister, something could be done. Besides the items that are mentioned we find there is an extra vote, or one might call it a blank cheque, of over $1,000,000. Surely somewhere in that estimate there might be a chance for these unfortunate people. I should like the minister to take this into consideration and see what can be done in such cases.

The DEPUTY CHAIRMAN: Shall the item carry?

Mr. POULIOT: No.

Mr. McLURE: I should like to have an answer from the minister.

Mr. MARTIN: I had intended saying something on this matter, because of the remarks made the other night by the hon. member for Temiscouata. I thought possibly others were proposing to say something on the subject. That is why I did not rise at once.

May I say, in the first place, I am sure that, when we listened to the hon. member for Temiscouata the other night, we were all impressed by the important contribution he made to this subject at the time. This is not the first time he has raised the matter in the house. He has obviously, because of

the survey which he has conducted in his own county, given this matter a great deal of attention. I am sure that I speak for all hon. members when I say we are grateful to the hon. member for the point of view expressed and for the way in which he expressed his views the other night. He expressed himself somewhat along the same lines as the hon. member for Queens tonight. To both these hon. members and others I wish to say that I greatly appreciate what they have had to say.

This matter is one that is receiving my personal attention. The committee may recall a conference that was held between officials of the department and representatives of an association in Canada that has been promoting the interests involved in this particular project. I feel that what the hon. member for Temiscouata said the other night is, in principle, incontestable. When we consider that we are giving assistance by way of social legislation to so many groups in this country, it is impossible for anyone to argue against this matter in principle; because all of us know of many cases of individuals who, because of disability, are unable to seek employment, and who, in the absence of private means, are unable to have a proper maintenance. That, in principle is an incontestable situation. I certainly believe that, in the development of programs, that kind of group will have to receive consideration.

Let me say this. The matter of looking after those who require assistance at the hands of the state is not one for the federal government only. In this country we are spending close to $800 million a year on social welfare. Of that total, the federal government is spending 80 per cent. Those are the important figures. I do not want to put this question on the basis of cost, and I am not putting it on that basis. But I believe that, in trying to approach this problem in an orderly way, we must bear in mind the responsibility of properly constituted authority in this country, namely, the responsibility of the municipality, of the province and of the federal government.

Having said that much, I believe I should also say this. It should not be overlooked that a great number of those who are in the disability class—not by any means all but a great proportion of them—received assistance through family allowances, veterans legislation and unemployment insurance. I do not say all the groups receive that assistance, but there is a great body that does. I am satisfied that the proper basis ultimately on which to arrange this sort of thing is through a system of disability insurance. I recognize that there will be a great body who could not benefit by that kind of scheme, because they have not the wherewithal to make contributions to what I think will ultimately come about, a contributory scheme covering disability and invalidity. For those who could not share in such a scheme there will have to be assistance given by the state, whether it be in the right of the municipality or in the right of the province or in the right of the dominion.

All I can say at the moment is that I am seized of the importance of this problem. We are paying this year, the dominion and the provinces together, by way of old age pensions, $100 million. That is a tremendous increase in the outlay by federal and provincial authorities, and of that amount the federal government pays close to 75 per cent. We have lowered the age for the blind to receive assistance from forty to twenty-one. That covers a considerable group of those who are handicapped, although there is still a great body left out, including the kind of cases referred to by the hon. gentleman who has just spoken and the cases referred to by the hon. member for Temiscouata. I repeat that all I can say tonight is that I recognize the importance of this problem, and I should like to think that, before I leave this parliament, I shall be able to say to the house that, in conjunction with other governmental authorities in this country, we have made, in terms of actual program, further progress with regard to this great class of our population. I assure the committee of my very deep interest in this matter.

Mr. GILLIS: Mr. Chairman, my remarks really apply to the next item, but I have to leave shortly for a meeting of the banking and commerce committee, and perhaps I might be allowed on this item to raise two questions in connection with the family allowance which I have been discussing with the department for some considerable time. First, however, as to the matter raised by the hon. member for Temiscouata and discussed by the minister, some pension scheme for incapacitated people is something which, as the minister suggested, will have to be worked out in conjunction with the provincial authorities. There is no doubt about the need. I should like to leave this thought with the minister, that the most pathetic person in any group in need of social security is the woman of fifty to sixty-five years of age.

Mr. MacINNIS: Even up to seventy.

Mr. GILLIS: Yes, but I am going to stop at fifty to sixty-five. There are thousands of women in that age group in this country who

have contributed families to the nation, who in turn went to war to save the institutions of this country. These women now find themselves with their families gone and themselves unable to work and with nowhere to turn for a livelihood. In each province there is a mothers' allowance act, but it is really a misnomer. It is not a mothers' allowance, because the children are the qualifying factor. Could not the minister, when he is working out with the provincial governments his comprehensive health program, suggest that they include women in that category under their mothers' allowance acts? In my own part of the country and elsewhere in Canada I run into hundreds of women who are in those circumstances, and they are the most pathetic group in society. They have nowhere to turn. Their families are gone; they have no income, and all they can do is wait for the old age pension. The minister would be doing a real service in provoking thought by the provincial governments on that subject.

What I rose to say was this. There are two sore spots in connection with the family allowance. First, there is the fact that children who remain in institutions in Canada cannot receive the family allowance. I have discussed this matter in the house and have had considerable correspondence about it with the previous minister, and it has been taken care of to some extent by the inclusion of children who were boarded out from such institutions. The allowance can be got through the children's aid society under those circumstances. But there is another considerable group who do not get the allowance. I know the minister is sympathetic. Would he not consider including children who remain in institutions for certain reasons? When we framed the act we understood that it was for the benefit of all children born in Canada, but here is one category that is not included.

Secondly, could the family allowance not be continued beyond the statutory age for children who are continuing their education? This should be given serious consideration. Many widows find themselves with a son or daughter on their hands who wants to continue his or her education and learn a profession, but the allowance is cut off at the age of sixteen. The department might very well continue the allowance for two or three years under those circumstances.

I conclude by saying this. I have had a great deal to do with the family allowance branch in Nova Scotia, and I think we who do a lot of criticizing should hand out a bouquet where it is deserved. I want to tell the minister that he has, administering his district branch in Nova Scotia, a wonderful personnel. They have done an excellent job right from scratch, and the branch there, with the exception of the one or two points I have mentioned, over which the local personnel have no control, is running like a well-oiled machine. I know the minister will do what he can to iron out the few kinks that still remain in the act.

Mr. MARTIN: The expenses under this item are $33,199.45; unliquidated commitments, $643.14; total commitments, $33,842.59.

Mr. MacINNIS: I wish to say a few words on the question of social security. I have listened closely to what the minister had to say and, while what he said is undoubtedly true, I do not believe that it should be a bar to our working toward a social security program. I have, during the last few days when the minister's estimates were under discussion, heard several members bring to his attention some particular case of helplessness for which they wanted something done. These cases could be multiplied a hundredfold, and that would not include them all. So what is required in Canada is an over-all social security program which will provide for every person who is prevented from making a living for himself for reasons beyond his control. There is no way in which we can provide for people in a piecemeal way.

Then we come to the question of how this is to be paid for. It can be paid for by the contributions of people either by way of taxes or in other ways. When I hear people who are continually complaining about high taxes and who urge for more and better social services, and more of almost everything else, it leads me to believe that there is something wrong. There seems to be some lack of sincerity or lack of understanding.

Those of us who have most of the good things of life will have to share them with those who have not. There is no other way in which these people can be cared for. There is no magic wand we can wave and bring goods and services to people, without taking those goods and services from the people who created them. Under our present economic set-up, that is done by way of taxes. As the federal government is in the position where it has power to collect the largest amount of taxation, undoubtedly it will have to take the greatest responsibility for providing those services.

Today municipalities are overburdened. They cannot meet all the requirements made upon them. Most of the provinces are not in a much better position. Consequently the government that has the power to raise money must take the responsibility for providing those services, along with the responsibility of

making the necessary arrangements with other governments to meet their constitutional requirements.

Mr. QUELCH: I should like to say something about the statement made by the minister. I think all hon. members appreciate the minister's remark regarding the responsibility of the provinces and municipalities as well as that of the federal government. On the other hand, I am sure we all realize that in the past the federal government has apparently taken the attitude that it alone has the responsibility of taking care of the needs of people in foreign nations. That is to say, we have made large contributions to foreign nations. We have not said we could do it only on the understanding that contributions would be made by the provinces and the municipalities.

We as a federal body have assumed full responsibility for making those contributions, without tying the provinces and municipalities in as well. Therefore it seems to many people in this country that our own people should be considered just as favourably as people in foreign nations. Surely there can be no group in Canada who have a greater right to expect priority against the production of the country than those who are incapacitated and unable to take care of themselves. I cannot follow the minister's statement that this can be done only if the cost is borne by the provinces and the municipalities. As I have said, we have not hesitated to make these expenditures in connection with foreign nations. If we can help to restore better conditions in foreign countries, then surely we can afford to look after our own people without haggling over the responsibility of this or that province.

The minister has emphasized the fact that the federal government is already paying out large sums of money. I do not think that is an important point. The question is how far short that falls of meeting the requirements of those in Canada who are disabled. If we pay out a billion dollars, then how much more do we have to pay out in order to see that all those people who are physically incapacitated are cared for?

The other day I attended a dinner in which a gentleman named Doctor Graham, I believe, spoke about arthritis. I was struck by one statement he made. He said that certain people still come to him and ask him to diagnose their conditions and to prescribe what should be done. Then he said, "Of what use would it be for me to prescribe that a person should rest, when that individual may be a mother with five children, and when I know that as soon as she leaves me she will go home and look after those children? Is there any use in my prescribing rest when I know she cannot rest?"

This is not a question of the number of doctors or nurses we have or the hospital accommodation available. The need here is for some assistance to be given to people of that kind, so that they can take a rest or take the required treatment. That is something we must take into consideration.

I realize that this is not the opportune time to advocate the paying out of large sums of money for any body of people, because we are now in an inflationary period. And to the extent that inflation exists, I would not for one moment criticize the government for continuing to maintain fairly heavy taxation on the people in the high-income brackets. But that condition will not always obtain. Certainly it was not the case in the thirties, when production was at less than 50 per cent of capacity. It would not have beeen necessary at that time to maintain heavy taxation in order to make more wealth available to those people who were physically incapacitated.

The reason the federal government can assume this responsibility so much more easily than the provinces and the municipalities is that the federal government has access to moneys to which neither the provinces nor the municipalities have access. The federal authorities have different means of raising money. Therefore I was glad to hear the minister say this is a problem which he realizes the federal government will have to consider, and to which no doubt it is giving consideration. I hope that by next year the minister will be able to bring down a comprehensive program to take care of, not just some of the people who are incapacitated, such as the blind, but all people in Canada who are physically disabled and cannot take care of themselves.

Mr. POULIOT: Before this item carries, I should like to express my appreciation to the minister for what he has said. When does he expect to be able to give a favourable answer? The people who suffer the disabilities described, and the incurables, are suffering now. They suffer more because they are poor. Is it not possible to do something for them? When the question of sending millions of dollars to Europe for the assistance of European children was placed before parliament, that money was sent quickly. It did not take long to do it, and it was a fine gesture. But if we cannot provide for our own people who are in an unfortunate condition, then surely there was some exaggeration in those expenditures.

I know the big heart of the minister, and I know he was sincere when he spoke as he did with reference to speeches made by some hon. members. When does the minister expect to give a favourable reply to the request now made from all sections of the house?

Mr. MARTIN: The hon. member will appreciate that this matter does not repose in the minister alone. I can only say that at a recent meeting of the welfare authorities of a good number of the provinces this matter was discussed. It will be discussed again within the course of the next few weeks. I am resorting to every legitimate practice within my knowledge to try to bring this kind of matter to a head. Beyond that, there is nothing more I can say at the moment.

Mr. POULIOT: If I understood what the minister said on other occasions there is no province that has refused to answer his call for a meeting of the deputy ministers with the dominion authorities?

Mr. MARTIN: In the field of health that is definitely the case.

Mr. POULIOT: In the field of health there is co-operation between Ottawa and all the provinces. Doctor Jean Grégoire, deputy minister of health of the province of Quebec, is a distinguished doctor, as is the assistant deputy minister, Doctor J. C. Beaudet. The minister has said that within six weeks there will be a meeting of the welfare people, and that is good news. The minister will hear about it from unsuspected quarters. He will be told the appreciation of many people who regret the present circumstances and who rely on him to improve the situation.

I could say much more. I have a list of the incurables in my county, and I suggest to my fellow colleagues that they get the same information from the health authorities in their constituencies during the coming recess. They will find that there are perhaps 100, 200 or 250 incurables in their constituencies, people who do not benefit from the present social legislation.

I thank the minister for the attention he is giving to this important problem. I am sure that his name will be greater among the poor and among his fellow citizens if he completes that part of the security program so that the neediest cases will be provided for.

Mr. BLACKMORE: Mr. Chairman, we have listened to a great deal of criticism which may be quite proper, but I think the minister has done exceedingly well for his first appearance. He has shown an appreciation of the problem and a determination to attack it, which is altogether commendable. I should like to draw to his attention one important fact which may not be welcome, but which is something his government and his party must face. He must gauge the amount of assistance he can give to the people of Canada by the amount of goods and services which the people of Canada can produce and not by the amount of money he can collect from the people in taxes. If he will do that there will be no question of the ability of the government and of the Canadian people to provide adequately for every Canadian from coast to coast.

Mr. POULIOT: I have another matter to bring up in connection with the activities of the welfare branch. This branch gives out information, and in some cases it should be given information. We hear a lot about beautifying Ottawa. Ottawa is like a woman with make-up on only half her face, beautiful on one side and ugly on the other. You have only to go to the eastern and western parts of the city and to some quarters in the immediate vicinity to find slums. Every time we come here we hear about the beautification of Ottawa.

Some years ago I had something to do with the old Department of National Health and Welfare. At the request of the judges of the supreme court I drew to the attention of the then minister the condition of the old supreme court building. An investigation was held and it was condemned as being unhealthy for the judges. One judge became very ill because of the drafts and overheating, and another judge died. He told me before he died that he was dying because of the nonsalubrious condition of the building. I am not exaggerating. My reward for denouncing the condition of that building was to receive from the minister an official copy of the investigation. That was my reward for telling the truth. My reward in this case will be the removal of these slums as the next step in beautifying the capital city of Ottawa.

I have another case I want to cite to show the connection that exists between the department of health and some of the other departments. I should like to give the particulars of this very sad case which requires immediate welfare treatment. I will not give any names, because these people live in my constituency. This man is a good labourer. He worked for two weeks at night and then he worked during the day at a certain manufacturing plant. He worked eleven hours

during the day and thirteen hours at night. When he was working at night he put in eighty hours a week.

In 1947 he bought a house which is now occupied by three persons, the father, the mother and a boy, twenty-five years of age. This man, whose case I am bringing up, has ten children, ranging in ages from eighteen to two years. They occupy a tourist cabin which measures eighteen feet by fourteen feet. They had to put three children in the orphanage. There are six who sleep in a room eight feet wide. The father, mother and baby are in one bed, while three of the daughters are in another. In the other small room are two boys sleeping in one bed, with a third one sleeping on two trunks.

The kitchen is ten by twelve feet. There is table, stove, washing machine, sewing machine, radio and three rocking chairs. Around the family table are eight chairs which cannot be moved. The toilet is close to the kitchen cupboard and the partition does not go to the ceiling. There is no door on it. There are only 320 cubic feet of air for nine persons, and the mother has been in the hospital for several months for a T.B. prevention cure.

Mr. WARREN: Did my hon. friend hear my story about the $475 house? I have a better one than that.

Mr. POULIOT: I think the hon. member for Renfrew North should have more sympathy for those who suffer and stop his silly jokes when we speak of suffering people. His story is old. It has appeared in the press. He is stonehearted if he makes jokes when I mention a case like that. He should be ashamed of himself and hide behind the curtains or under his desk. I want none of his silly jokes when I am speaking about the sufferings of my fellow citizens. He should sit down, because I am sick of interruptions like that by a man who should be ashamed of himself by interrupting a member who is fighting for the welfare of his fellow citizens. I will not stand for it. He should be ashamed of himself.

Mr. WARREN: On a point of privilege—

Mr. POULIOT: The word "privilege"; privilege is not to be interrupted with silly questions like that.

The DEPUTY CHAIRMAN: Order.

Mr. POULIOT: I shall say more to the hon. gentleman if he does not shut up. I will be wicked.

Mr. WARREN: On a point of privilege—

Mr. POULIOT: I will tell him—

The DEPUTY CHAIRMAN: Order.

Mr. WARREN: On a point of privilege, this is my story. I did not have an opportunity to tell it.

Mr. POULIOT: I am not to be interrupted by that nonsense.

Mr. WARREN: It was no joke. It was absolutely true. I have even a better one than that if my hon. friend would care to listen.

Mr. POULIOT: I am not to be interrupted by silly things—

The DEPUTY CHAIRMAN: Order.

Mr. POULIOT: I will be wicked and may say something which the hon. member may regret and for which he will be defeated in his constituency, and it will not take long.

The DEPUTY CHAIRMAN: Order. If the hon. member has a point of privilege he should state it.

Mr. WARREN: My question of privilege is—

Mr. POULIOT: I rise to a question of privilege, not to be disturbed by a fool like that when I speak of my problems in the house.

The DEPUTY CHAIRMAN: Order. The hon. member will have to withdraw that word.

Mr. WARREN: I hope so.

The DEPUTY CHAIRMAN: It is unparliamentary. He should not use that word.

Mr. POULIOT: I withdraw it; I used it as a euphemism.

Mr. WARREN: Some day—

The DEPUTY CHAIRMAN: Order.

Mr. WARREN: My story still stands.

The DEPUTY CHAIRMAN: I would ask the hon. members to deal with the item under discussion, if they can. Let us get on with the work of the committee.

Mr. POULIOT: Now, sir, this is a pitiable situation. The family is an honest family. The father earns his living working in the mill. They cannot even live with their children. They went before the judge, but the judge said he could not do anything. He appealed to the Minister of Finance. He said he could not do anything. I now appeal to the Minister of National Health and Welfare. I mention that case to him.

I could mention many others. I have large files here, but I am not going to take up the

time of the committee with them. I mention one case; I have others. I will tell the minister that I do not see why the regulations are so rigid. There are some cases which are worse than others. I remember that some time before in Montreal there was an administrator who was a sensible man. When there was something that was out of the ordinary he gave the privilege to the interested parties to return to the civil law. They were not bound any longer by these tight regulations, the cause of disease, the cause of the disruption of families. We have welfare. What finer word is there in social legislation than welfare? In French it is bien-être, being well, welfare. These people have a right to expect something. It does not interest only the Minister of Health; it interests also the Minister of Justice because, when there is an injustice such as that, when a man who has bought a house honestly, has paid for it and cannot get the delivery of the house his children have to suffer. In the summer it is not too bad; but how do you think a family of nine can live in the wintertime in a house which has only 320 cubic feet of air? In our climate it is impossible. I will ask the minister—

Mr. WARREN: Build a house.

Mr. POULIOT: I ask the minister to use his influence with the Minister of Finance and with his colleagues in the government, so that the regulations concerning rent are not applied so strictly and so formally, and when exceptions are necessary they should be allowed. I can speak also to the Minister of Justice about the matter, because it is cases like these out of which communism grows. I do not see how we can speak of social security, of beautifying the capital city of Ottawa, when we have slums in Ottawa, when we start with slums, and when, on account of regulations that come from Ottawa—the blame cannot be put on the provinces; the regulations have been made by the wartime prices and trade board—these people cannot take possession of their own house.

The DEPUTY CHAIRMAN: Order.

Mr. WARREN: Let them get out of the city.

Mr. POULIOT: Well, sir, I may say what I want to say. If I am provoked too much I will say it. I remember that one day there was a man who was a candidate in the county of Ontario and he was defeated—

The DEPUTY CHAIRMAN: Order.

Mr. POULIOT: —because of a story I told.

The DEPUTY CHAIRMAN: Order.

Mr. POULIOT: His name was Kaiser.

The DEPUTY CHAIRMAN: It is entirely out of order for an hon. member to use threats in the house.

Mr. POULIOT: It is not a threat, sir; it is a warning.

Item agreed to.

Welfare branch—Family allowances—
273. Administration, $1,717,513.

Mr. KNOWLES: May I ask the minister two questions with respect to family allowances? One of them is the question I asked the other night when we were on the general item. Has consideration been given to amending the act so as to make it possible for children to qualify for the allowance in less than the three years required at present? When I drew this matter to the attention of the minister the other night I stated that at that time I could not recall whether this point had been discussed when the act was passed in 1944. Since then, I have looked up the debate on the point, and I found that there was a fair amount of discussion on it. The Prime Minister stated that in his view it was a good idea to start off with that provision in it and to see how the matter worked.

We have now had a few years of administration of the act. I think the position taken the other night by the hon. member for Dauphin is valid, namely, that with children coming to Canada, children of immigrants from the United Kingdom and from other parts of the world, it seems unfair that they should have the disability of not getting the allowance as other children do in this country. After all, the purpose of the allowance is to make it possible for all children to have the best possible chance.

My second question relates to the amount of the allowance. In view of the increased cost of living—and the minister in his capacity as chairman of the prices committee knows all about it—has consideration been given to increasing the scale of the allowance? As the minister knows, the increased cost of living, particularly the increased cost of food, hits hardest at families in the lower income brackets, and families with a larger number of children. It does seem to me that this would be one way to help the people that need it. Can the minister answer my two questions?

Mr. MARTIN: A number of questions on this matter of family allowances were put the other night, and I promised to deal with them all in one reply, including the two questions mentioned by the hon. gentleman who has just taken his seat. On the first of July the family allowances program will be three years

old. I believe the program has fully justified the hopes of those who shared the responsibility of placing it upon the statute books of our country. I think it is recognized universally as being the most comprehensive and generous family allowances act to be found anywhere. The benefits paid under the act are, by and large, more generous than those of any other system in existence at present. That the program has gained increased favour with the Canadian people is indicated, I think, by the Gallup polls which have been taken this year and in the two previous years of the act's existence. This shows a steady increase over the last three years in the numbers of our fellow countrymen who, as a result of their experiences with the family allowances program, have expressed themselves as being in favour of this key item in our social security program. The percentage of those favouring the program has now risen to 75 per cent of the total population. The percentage of those expressing themselves as opposed to family allowances has constantly dwindled and now is shown to be somewhere in the neighbourhood of a little less than eight per cent of our total population. Rarely does any public opinion poll show such an overwhelming majority of sentiment in favour, and such a relatively small percentage opposed to any given measure or proposal.

Since I put on *Hansard* the table asked for by the hon. member for Eglinton the other night, I have noticed that considerable attention has been paid in the press and elsewhere to these tables showing the increase in the total expenditures under family allowances during the years they have been in operation.

These tables showed that for the nine months of the fiscal year 1945-46 the total expenditures on family allowances amounted to $172,632,146, or an average of a little over $19,000,000 a month. For the full fiscal year 1946-47, the expenditures totalled $245,140,000, or an average of a little less than $20,500,000 a month. The expenditures for the fiscal year just ended amount to $263,000,000, or an average of a little less than $22,500,000 a month; and the estimates for the current year —I ask the committee to bear these figures in mind—indicate that we shall require something in the neighbourhood of $267,000,000, or almost $22,500,000 a month.

Mr. SMITH (Calgary West): How do you account for that?

Mr. MARTIN: I shall deal with that in a minute.

Mr. SMITH (Calgary West): Is it breeding?

[Mr. Martin.]

Mr. MARTIN: That would be one of the reasons. I shall come to the reasons in a moment. I call the attention of the committee to the fact that, since the act came into force, there has been distributed a total of $725,000,000 to approximately 3,750,000 children, representing over 1,650,000 families in our country.

The reasons for this progressive increase in expenditures are not difficult to understand. The experience of most countries has been that in the immediate post-war years there has been a very sharp increase in the birth rate. This is due, of course, to the fact that the post-war years have seen a marked rise in the rate of marriages and in the rate of new family formations, as hundreds of thousands of men have returned from military service overseas to civilian life.

It should be noted incidentally that this increase in the marriage rate, and consequent increase in the birth rate, has no direct connection with family allowances as such. This can be shown by comparing the Canadian birth rate in the immediate post-war years with the United States birth rate. Despite the fact that family allowances are not provided in the social security program of the United States, the birth rate in that country during the post-war years has risen even more sharply than in Canada.

In our country, however, there has been during the last few years a most remarkable increase in the number of births. From 1937, the year in which the number of births sank to its lowest point of 220,000, there had been a slow increase until the year 1945 when births totalled some 288,000. The average increase for this eight-year period was something in the nature of 8,000 additional births a year. From 1945 to 1946 the total births jumped from 288,000 to 330,000, and from 1946 to 1947 they rose still further to a total of some 358,000 for the last calendar year.

In other words, total births have increased no less than 70,000, from 228,000 to 358,000 in the last two years. This increase is more than the total increase which took place in the preceding eight years. It is this unusually large post-war increase in the total number of births occurring annually in our country which has accounted in large part for the increase in the total annual expenditures for this program.

As will be noted from the estimates for the current fiscal year, it is not expected that the increase from 1947-48 to 1948-49 will be as great as it has been for the previous period. The total anticipated increase for the current fiscal year will be in the neighbourhood of $4,000,000. The figures appearing

currently from month to month show that the post-war situation regarding marriages and births is beginning to normalize itself, and it is expected that, as a result of this, the annual expenditure on family allowances will tend to increase less sharply in the course of the next few years and will ultimately flatten out at a level not markedly higher than the level which will prevail for the current fiscal year.

At the present time the provisions of the Family Allowances Act cover nearly all the children of Canada. It is probably safe to say that not more than 50,000 children in all Canada fail to benefit at the present time from the provisions of this legislation. One of the most significant groups in this 50,000 consists of children who are debarred from receiving immediately the benefits of the family allowance by the fact that they have come recently to Canada with their parents and have not yet established three years residence in this country as required by the legislation.

We have been giving serious consideration to this aspect of the problem, particularly in connection with our immigration policy. A substantial number of representations have been received from several organizations interested in the welfare of immigrants; and the department is at the present time engaged in the study of how best, adequately and fairly, in the light of all considerations, to meet this problem.

Mr. FERGUSON: May I interrupt the minister for a moment? I feel confident that if the question were put to a vote in the House of Commons the proposal would receive unanimous support, that all new children brought to this country under our immigration schemes should receive the same treatment as is given to every Canadian-born child in the way of benefits from family allowance, and that not more than a period of six months should elapse, and possibly not three months. This is a most serious matter. I have been receiving letters from people who have recently arrived in the country. We told them of the great benefits they would derive here; and we find that mothers of little children, under the present law, cannot receive the benefits that Canadian-born children receive, until a period of three years has elapsed. This is something that should be taken up at once. I do not think a period of more than six months should elapse before the child arriving in this country receives these benefits. They have come here to become Canadians for the future; and they should receive, almost immediately, the benefits that are given under this act. I believe the unanimous feeling of hon. members, representing all parts of Canada, irrespective of parties, would be in support of this suggestion.

Mr. MARTIN: If I had thought the hon. member intended to make extended remarks instead of asking a question I would have finished the statement I was making.

Mr. KNOWLES: May I ask just one question? Could the minister break down the 50,000 into categories, or, to be specific, tell us how many are children of immigrants?

Mr. MARTIN: I have not that information here. May I say that this problem is not as easy as it would appear on the surface. One has to consider the abuses. This act has been in existence for only three years, and it is important that we do not start tinkering with it. Instead of doing good, it might do harm. We have good reason for conjectures as to what some of the abuses might be. This is the most generous act of its kind to be found anywhere; and people coming here, with no intention of remaining, because they are en route to the United States, would automatically get the benefit of the family allowance, if there were not in the act some provision regarding residence. There are considerations of this sort that one must bear in mind, and we are studying the matter carefully.

What I want to say about the family allowance administration is this. I greatly appreciate what was said by the hon. member for Cape Breton South in praising the administration, particularly in his part of Canada. As Minister of National Health and Welfare, I have had to authorize but eight prosecutions for fraudulent receipt of family allowances by individuals in this dominion. I think that is a great tribute to the people of this country. I am not saying that is the only extent of abuse. That would perhaps be placing an assessment on human nature that would be extravagant. But through the surveys that we conduct and through the special arrangements that we have had with the provinces, our judgment in the administration is that the attitude of the public toward this matter is an honourable one, and I believe that this is the place to say it.

I believe it is something of a record to be able to say that with respect to a matter involving over $725 million, going into almost one and three-quarter million homes, representing three and three-quarters of a million children, the minister responsible for the administration of the act has had to authorize but eight prosecutions. I feel that, from all the evidence that we can get, from the increase in the consumption of milk, in the use of medicines, cod liver oil and things like that,

family allowances have been a good thing. I have on my desk a report from the minister of education of Ontario, who is also premier of that province, pointing to the increase in the school attendance in Ontario since the introduction of family allowances. The same thing is true of every province. So, in making this abbreviated report on an important social welfare program, I think the house and the country may be well satisfied in the decision that was made when it was decided to establish family allowances in Canada.

Mr. CASE: I have one observation to make with respect to family allowances. There is much to be said in favour of the arguments which the hon. member for Winnipeg North Centre and the hon. member for Simcoe North have advanced with respect to newcomers. While I can appreciate some of the difficulties that have been referred to by the minister, one feature about family allowances which I do not like is the compulsory feature. In a free country there should be an element of choice whether you want to accept the family allowance or not. The answer that is usually given is that it is not compulsory; but for income tax assessment purposes it is compulsory.

There should be a line of demarcation. If those who have incomes of $3,000 and over do not care to register their children to receive the family allowance they should not be required to do so, and the act should so provide. If that were done, the figures might be even more favourable than those which appear in the estimates at the present moment.

I can understand the increase in the attendance at schools. For the information of the minister—and no doubt he probably knows it now—I might say our experience on the committee on Indian affairs was that a marked improvement has been noticed on the Indian reserves with respect to children's attendance at school as a result of family allowances.

Mr. MARTIN: Yes.

Mr. CASE: I notice that in this one item, administration, the cost has been cut by $186,000. Yet it would appear that personnel has been increased by about nine. It must be in the temporary help column or somewhere that the department is enabled to save $186,000. I should like the minister to comment on any prospects of changing the act so that it is not compulsory for people to accept the family allowance, which is the condition prevailing at the present time.

Mr. MARTIN: The feature to which my hon. friend refers does not come under the heading of "compulsory". It is not a compulsory feature. I have nothing further to add, other than to say we believe that, everything considered, this is the most effective way, administratively, to handle the matter.

Mr. CASE: That is an answer, to say that it is not compulsory. Nevertheless, for the Department of National Revenue and for the Department of Finance, it is compulsory inasmuch as you are assessed whether you accept the allowance or not. It is assumed that you take it. There is that aspect or feature to it, but possibly it should be left to the Department of Finance to straighten that out.

Mr. FLEMING: I should like to comment briefly on two aspects of the statement made by the minister. The first is as to the reasons for the increase in the total annual payments by way of family allowances. The significant increase in 1947-48 over 1946-47, amounting to $18,000,000, was largely accounted for by a factor which he has not mentioned. That was the amendment of the Income War Tax Act in that year, to which the hon. member for Grey North has referred. It was in that year that the amendment took effect; and a great number of people who previously had not taken the family allowance, took it that year because otherwise they would have lost the benefit of both the allowance and the deduction with respect to the support of dependent children under sixteen years of age.

When attention is drawn to the fact that between those two years payments by way of family allowances increased by $18,000,000, it is also well to bear in mind the fact that, with the other hand, the government took away from the taxpayers of this country, by the same amendment to which I have referred, something like, if I remember the figures correctly, approximately $8,000,000 by way of increased taxation or, on the other side of the picture, by reduced deductions with respect to dependent children. So that it should not be thought of as a net increase. The net increase was, I think, only about half of that figure, when the additional taxes are taken into account.

The other factor that I should like to comment on and follow with a question or two, has to do with the subject of administration. I think Canadians are proud of the record of the administration of family allowances, having regard to the number of prosecutions. The minister has referred to eight in all. It is an extraordinary record. There were those who feared—

Mr. SMITH (Calgary West): And how.

Mr. FLEMING: As I say, there were those who feared that the family allowances would not be devoted to the purpose for which they

were provided. I do not believe that the minister will say there were only eight cases of abuse. Nevertheless I think all are encouraged to feel that the record is one in which the parents of this country may take great pride.

The method of investigation is one that will interest the committee. The minister spoke about agreements with the provinces. I wish he would give the committee some report as to any steps that may have been taken in the direction of administration during the year. When the last report of the department was issued as of March 31, 1947, attention was called by the minister to the fact that there were agreements with five of the provinces, for investigation to be made, with regard to the recipients of family allowances. There is an agreement with the province of Ontario effective January 1, 1947, which I think the department regards as a sort of model agreement, under which investigations are made at the request of the Department of National Health and Welfare at a charge of $5 per case. Similar agreements exist with British Columbia and Manitoba. The agreement with Nova Scotia is similar, but there is a guaranteed floor payment of $1,050 monthly. In the case of New Brunswick the investigations are carried out by the children's aid societies and not by the welfare department of the province. Those are five provinces. I should like to ask the minister what, if any, arrangements have been made with the other four provinces in the meantime with respect to handling cases for investigation? Perhaps he can give us a report on the whole picture with regard to the handling of these investigations.

Mr. MARTIN: I thank the hon. gentleman for reminding me of something I neglected to mention. The house and the country will be interested in knowing the cost of administration, having in mind the sum being expended this past year, $263,000,000. The total estimated cost of administration is $3,886,645, of which our share is $1,664,539, and the share of the Department of Finance, which issues cheques and so on, is $2,079,267. The share of the Department of Public Works, for the inspection of premises and so on, is $143,000. That truly is a remarkable figure. When one compares the cost of administration of family allowance in other countries he will find that our administration costs are substantially lower than in any country that we have examined.

As my hon. friend has said, we do have arrangements with certain provinces whose child welfare agencies we use, paying them a certain amount per case. We have arrangements with Nova Scotia, New Brunswick, Ontario, British Columbia, Manitoba, Alberta and Quebec. In the other provinces we use our own staff, having special reasons for doing so. This method of investigation has proven itself, so much so that I think we may reasonably expect to increase the number of provinces with which we make these arrangements.

Mr. FLEMING: When the agreements with Alberta and Quebec came into effect—

Mr. MARTIN: I was wrong when I said Alberta and Quebec. We use our own staff there and selected private agencies.

Mr. FLEMING: What about the other provinces, Saskatchewan and Prince Edward Island?

Mr. MARTIN: The same arrangements there, through our own staff and selected private agencies.

Mr. FLEMING: There have been no new agreements since March, 1947?

Mr. MARTIN: That is so.

Mr. SMITH (Calgary West): What were these eight prosecutions? Were these marvellous figures produced out of the air?

Mr. MARTIN: I have not the details, but I recall that in one case the applicant in Ontario alleged that she was the mother of two children, and false confirmatory evidence was presented, and the allowance was paid over a period until the facts were discovered. In another case there was actually a conspiracy between the applicant and the parent of another family, by which both joined in this fraudulent scheme.

Mr. SMITH (Calgary West): Were they all of that type?

Mr. MARTIN: That type of case.

Mr. SMITH (Calgary West): What can you prosecute for under the act—just things of that kind?

Mr. MARTIN: That sort of thing.

Mr. SMITH (Calgary West): What have these eight prosecutions to do with the use that is being made of the money paid out by way of family allowance?

Mr. MARTIN: I did not mention the prosecutions for that purpose.

Mr. SMITH (Calgary West): Then for what purpose?

Mr. MARTIN: To indicate the extent to which people were prepared to mislead. The use of these child welfare agencies is to meet the kind of abuse which likely my hon. friend has in mind. When we have reason to believe

that the allowance is being improperly spent we send these welfare workers to make an investigation. That is the way in which we seek to exercise a proper method of administration.

Mr. SMITH (Calgary West): What you mean in short is this, that eight people were found out of the hundreds of thousands who were receiving this large amount of money, $700 million, who were prepared to be criminals and to obtain the allowance by false pretences. By a conspiracy or otherwise they became thieves and got a little of this money. What possible relation has that to the question as to where this large amount of money is going?

The minister used another illustration. He spoke of the increase in the consumption of whole milk. Did he compare the increased consumption of milk with a very scarce commodity called butter? We know that dairy products have had a tremendous increase in value in this country. How can you credit the family allowance with the increased consumption of milk? It seems to me you have taken an awful jump, without looking into other similar products. Am I not correct in that.

Mr. MARTIN: All I can say is that our surveys indicate exactly what I have said. Almost mathematically school attendance has increased with the advent of family allowances. The same is true of the consumption of milk. More clothing has been purchased and more cod liver oil, which is so important to a child's health.

Mr. SMITH (Calgary West): I have heard that.

Mr. MARTIN: Yes, so the doctors say. The increase in the consumption of cod liver oil has been amazing.

Mr. SMITH (Calgary West): Is not that because we found some fish livers out in the ocean?

Mr. MARTIN: No.

Mr. SMITH (Calgary West): You are not claiming that it is any more than a coincidence in the reasons you have given up to now. Is it not a fair assumption that the money we pay out goes into bottles, one kind being milk bottles and the other, beer bottles? The beer bottles would be away down there, of course.

Mr. THATCHER: I have received a letter from a constituent of mine who, I think, has a legitimate grievance. This lady lives in

Moose Jaw. She married an English airman during the war. She writes me this letter:

> I married an English airman during the war. We had a child in Canada, then we returned to England, where we had two more. Returning to Canada after 1945 we had a fourth. The last is the only one for which I receive the family allowance.

There might be some reason why the two born in England do not get the allowance, but it seems to me that any child born in Canada should get the allowance, whether his parents were away from Canada for a few months or not. Is there not some way by which the allowance can be paid in this case? I wonder if the law does say that this child cannot have it. Is there not something that can be done; because I believe any child born in Canada should be eligible for family allowance.

Mr. MARTIN: I can only administer the act passed by the House of Commons. If the facts are as stated by the hon. member, she broke residence. She did not have domicile in Canada.

Mr. THATCHER: Her husband went overseas during the war.

Mr. MARTIN: Yes, but the act is there, and I cannot give a favourable answer simply because my hon. friend asks for it.

Mr. THATCHER: Would you consider it?

Mr. MARTIN: The act is there; I cannot go beyond it. If my hon. friend will let me see the case I will look into it, and if help can be given I shall be only too happy to help.

Mr. KNOWLES: Then would the minister answer my question? Has consideration been given to increasing the scale of allowances to meet the increased cost of living—milk, groceries and the like?

Mr. MARTIN: That matter has been seriously considered. In the opinion of those who have had a great deal to do with this kind of legislation in other countries, where similar statutes have been enacted it has been pointed out how dangerous it would be to the whole scheme if the scale of allowances were permitted to vacillate in accordance with the cost of living. That is the opinion, for instance, of Mr. Waters in New Zealand, who was here a few weeks ago. The very strength of this scheme must be that its rate of payment can be relied upon for some measure of constancy.

Mr. KNOWLES: But it should be related to the cost of living.

Mr. FERGUSON: Can we have the minister's assurance that the three-year period necessary for residence in Canada will have his immediate attention, and that steps will be taken immediately to have that period reduced? Immigrants are coming to Canada today, some of them with children only six months old or two months old. These people are going to our farms, and as families they are doing essential work and providing the wherewithal for the starving people of Europe. We never want it to be said in ten or twenty years from now by any of these newcomers, who in the interim have become creditable citizens of the country, that when they were small children they came to Canada with their parents, but that they had to wait for a period of three years before receiving the treatment that other children were receiving.

It is a most serious situation, and something which will be detrimental in future years. I implore the minister to assure the committee that immediate steps will be taken by the government of which he is a minister to remedy the situation, and that the waiting period will be reduced to no more than six months, even if it has to be said that the Canadian taxpayers paid for a child whose sojourn in this country was only one month, following which it went to the United States or some other part of the world. It should be said that those children received the treatment which we believe is necessary for our own children.

Apparently opinion is unanimous that family allowances are a benefit for our children. Let them be a great benefit to every child in Canada; and reduce that three-year waiting period to no more than six months, so that I shall not have to write to any new immigrants to Canada who ask, "Mr. Ferguson, am I entitled to those benefits for my four children? We have now been here a year. Do we have to wait for three years?" I have to write to them and state that such is the law of the land. This is the place where laws are made. Cut out the red tape; change the law, and reduce the waiting period.

Mr. THATCHER: I agree with the hon. member for Simcoe North, but I should like to get back to the situation in my constituency of Moose Jaw. I know the minister has said he only administers the act. But when an injustice has been pointed out, as it has been in the present instance, would the minister not give consideration to seeing if there is some way whereby the act could be amended?

Mr. MARTIN: I cannot add anything to what I have said. I have already replied to the hon. member.

Mr. FERGUSON: May I remind the minister that my question was brief.

Mr. MARTIN: I understood it.

Mr. FERGUSON: Will the minister assure the committee that he will immediately give attention to this question of reducing the waiting period? Will he use his efforts to do that?

Mr. MARTIN: I have already given a great deal of attention to these matters.

Mr. FERGUSON: Will the minister give his assurance that he will give this matter immediate attention?

Mr. MARTIN: I cannot answer any further than that. I am giving attention to these matters all the time.

Mr. TUSTIN: No doubt the minister has so many of these cases before him he may have forgotten that last year I presented one identical with that described by the hon. member for Moose Jaw, in which a child was born in Canada, and when the mother paid a visit of three months to England she was deprived of the allowance for that child.

A few minutes ago the minister said that when the department has complaints they send welfare officers or workers to investigate, where it has been alleged that moneys have been misspent. If it is found by the investigators that the moneys have been misspent, what action is taken by the department?

Mr. MARTIN: We find some agency with which the money can be placed in trust, and carry on; in some cases we have to order suspension. The action taken depends upon all the circumstances.

Mr. FLEMING: I should like to ask—

Mr. MARTIN: Family allowance administration: expenditures, $1,619,287.97; unliquidated commitments, $45,251.72; total commitments, $1,664,539.69. With regard to family allowance payments, the expenditures are $263,165,192.33; unliquidated commitments, nil; total commitments, $263,165,192.33.

Mr. FLEMING: There are two questions which I think should be cleared up as a result of the minister's observations and those of the hon. member for Calgary West, on the subject of investigations and prosecutions.

Two quite distinct matters are involved here. One is the matter of obtaining money by false pretences or in breach of the provisions of the Family Allowances Act, section 14, which deals with offences.

The other matter is that of investigations to ensure that the moneys, if properly received in

the first instance, are disbursed for the benefit of the family. The minister's statement has dealt with the first matter only. He has indicated that there were eight prosecutions for, in effect, obtaining money by false pretences, or for kindred offences. These might be offences of the four kinds created by section 14 of the act, namely, first, making a false or misleading statement with a view to influencing a decision with respect to the payment of family allowances; second, making or presenting to any inspector or person appointed to make an inquiry under the act any statement or document which is false in any material part; third, cashing any cheque for an allowance to which he is not entitled and, fourth, being a person to whom an allowance is payable, failing to report as required by section 4 (4) of the act.

The kind of investigation to which I was referring, and which is the subject of agreements with five provinces is, in the main, as I understand it, with respect to cases where cheques, having been properly issued and received, are being used for purposes other than the benefit of the children who are to be benefited by the act.

I notice that during the fiscal year 1946-47 a total of 4,838 cases were investigated, of which 2,985 were investigated through the facilities of the provinces, 643 by local agencies and 1,210 by the family allowances staff. Would the minister enlarge on the information he has given to the committee with reference, not to the cases of obtaining money by false pretences or the commission of one of the offences created under section 14 of the Family Allowances Act, but to the other class of case where the money has not been devoted by the recipient to the benefit of the children? Can he give us figures as to the number of cases in which the department has had to suspend payment or make payments to another agency?

Mr. MARTIN: In addition to the type of investigation carried out through provincial or local facilities, family allowances offices use staff members in certain cases where necessary. During the fiscal year a total of 10,636 cases were investigated as follows:

Through the facilities of the provinces..	3,858
Through other local agencies	897
Through family allowances regional office staff	5,881

The 10,000 cases that were investigated during the fiscal year must be observed in relation to the 1,669,944 families receiving family allowances as of March, 1948. The incidence of cases warranting investigation when seen in proper perspective is not great.

An analysis of the source of cases under review by the welfare sections of family allowances regional offices indicates that some 36 per cent of them came from social agencies, including institutions; 26 per cent from the families themselves or from close relatives; 8 per cent from private individuals, and the remaining 30 per cent arose from clerical work within the family allowances offices in studying the eligibility of applicants.

A review of the action taken indicates that in approximately one-third of the cases no change was found necessary; in other words, the payee was considered a suitable recipient of the allowances. In other cases, changes of payee were made, or a third party administrator was used in a minority of cases, as I indicated a moment ago. It is of interest to note that in the matter of complaints of misuse of allowances, of 1,580 such cases reported, 1,046 were discovered on investigation to be unfounded, so that payment was undisturbed.

Mr. COCKERAM: What did the investigations carried on under the act cost?

Mr. MARTIN: Five dollars per case.

Mr. COCKERAM: Would that be $50,000 for the whole?

Mr. MARTIN: The expenditure last year was about $30,000.

Item agreed to.

Welfare branch—

Old age pensions (including pensions to the blind)—

274. Administration, $59,832.

Mr. BRYCE: Earlier in the evening I started to say something about those people who have been unfortunate enough to lose their sight. I think everyone in the house would agree to doing whatever can be done to help these people. We should do as much as we possibly can for them. The Canadian National Institute for the Blind has put out a pamphlet, and I imagine that every hon. member has received a copy similar to the one I hold in my hand. They set out six points which they want to bring to the attention of the minister and which are as follows:

1. The creation of a blind persons' act separate from and independent of the Old Age Pensions Act.
2. The use of the term "blindness allowance" and elimination of the term "pension."
3. The elimination of the means test in the award of the blindness allowance.
4. An adequate rate of blindness allowance in relation to the cost of living. Under present circumstances, this would appear to be not less than $40 per month, preferably uniform for all provinces.
5. The reduction of the present residence requirement from twenty years to five years, in the case of a person with normal vision who has taken up residence in Canada in good faith and at any time thereafter has lost his sight.

6. Adequate provision for medical or surgical treatment for eye conditions to conserve or to restore vision and to prevent blindness.

I referred to the sixth item earlier in the evening. Everything that can possibly be done should be done to prevent blindness. The medical profession has made sufficient progress to save the sight of many people. I could talk for a long time on this, but I think what I have said will impress the minister with the necessity of further work being done. With the support of the government and with a sympathetic public, I am sure we can make the wishes of those who have been deprived of sight come true.

Mr. SMITH (Calgary West): I want briefly to support the views which the hon. member for Selkirk has expressed. I have no doubt that the requests which have been made here have captivated the entire sympathy of the minister and of all members of the House of Commons as well as of the people of Canada. This is something which has no place in politics. I imagine that, in pursuing the course which has been suggested, the only difficulty of the minister will be, first, the type of scheme to help these people and, second, the matter of money.

No one can think of a legitimate reason why the unfortunate blind in our country should be associated with old age pensions. One can think of being deaf; one can think of having an accident of some kind, but I know that I at any rate cannot comprehend my position if I were stricken blind. I am not sufficiently courageous, nor have I the imagination even to contemplate a disaster so great as that.

I realize that during the present session of parliament no new act could be passed, but in support of the hon. member for Selkirk we are asking this, and I am sure we shall receive the sympathetic consideration of the minister. I want also to speak to his colleagues. When we speak of social service, security and all those things we are agreed on one thing, that this country will subscribe sufficient money by way of taxation to take care of those persons who, through injury or through accident at birth or through other causes no fault of their own, are without sight. I am sure that the minister and this whole House of Commons will not think of being penurious when dealing with a matter of this kind.

Let us think of two men, eighteen to twenty years of age, one blind and the other with his sight. One cannot conceive of the handicap or cannot get into his head any idea of any fairness in competition in the labour markets of the world, and I use the word "labour" in its biggest and broadest sense, to say nothing of the loss of sight itself. On the economic side one immediately appreciates the handicap of these persons. The most that any of us can do tonight so far as our legislation is concerned, because our legislative life in this session is, I hope, nearing an immediate end, is to suggest this separation. I can see no reason for applying the means test, except at a point where the blind person is earning sufficient money to live in even greater comfort than the ordinary person because of the tremendous handicap that he has in the loss of sight. Braille has been a great thing. It gives the blind person the pleasure of some reading.

With respect to the age limit, we did reduce it at the last session; but there is no reason why we should have taken the age of twenty or twenty-one years, whichever it is, or why we should not have said fifteen years or ten years. I am not suggesting for one moment that when blind people come to Canada this country should assume the burden for them, but I am saying that when persons come here with the intention of living here, making a stake here, helping us along with our business, and they are stricken with blindness, they should not have to wait the length of time prescribed in our present statute. After all, the amount of money is very far from terrific; it is really a reasonable sum. I heartily commend what was said by the hon. member for Selkirk, that if sufficient funds were in the hands of people who had oncoming blindness, and through that assistance they were permitted to go to an ophthalmologist—it is a great big word that I have difficulty with—to one of those persons who might arrest the progress of the disease, or in early years even restore complete sight, then could we go home and say truly we have done a job worthwhile for the people who have suffered more from that illness or from that disability than from any other disability of which I have any cognizance?

Mr. FLEMING: There are many hon. members who will deplore the fact that we have practically reached the end of the session and we have seen on the order paper as yet no indication of any intention on the part of the government to introduce legislation with respect to old age pensions. I do not need to review the debate that was held in this chamber a year ago on the 1947 amendments to the Old Age Pensions Act; but I remind the committee that the increase at that time was quite inadequate to sustain health. It meant that the dominion, by setting the basic pension at only $30 a month, with 75 per cent contribution by the dominion to a maximum pension on that basis, was not

accepting the responsibility for the adequate maintenance of the old age pensioners, and was throwing the residual responsibility on the provinces where it does not belong.

When one has regard to the fact that the dominion has great resources at its disposal; that provincial boundaries have no place in meeting the needs of our aged pensioners, that certainly was a position which could not commend itself to the judgment of many of us in this chamber. The government did not go nearly far enough. The principle that the dominion was setting a limit to its responsibility was unsound.

This question is tied up, of course, with the larger question of the basic approach to the meeting of the needs of aged people. We call the present payment an old age pension. The word "pension" is perhaps a polite term to apply to the payment. It is not a pension at all in the strict and proper sense of the word. It is a payment without relation at all to the question of right and title on the part of the recipient. There will be—surely it is apparent by now—no final solution of this problem until the whole question of a proper pension scheme, with retirement features, on a contributory basis, is taken up in this country, on the basis of joint action on the part of the dominion and the provinces. I have no doubt that all the provinces will be prepared to participate in any reasonable scheme if the dominion will take action and accept its responsibilities in this regard.

The minister is well acquainted with representations made to him and to the government on this subject by the Canadian welfare council, a body whose views on this and other welfare questions are entitled to the highest respect, as I am sure the minister will readily acknowledge. He will remember that the point on which the Canadian welfare council criticized the proposals of the dominion-provincial conferences of 1945 and 1946 was that they did not get at the root of this problem, and did not seek to bring about what will eventually be the only possible and comprehensive solution, namely, a contributory overall scheme that will provide adequate retirement, or old age, insurance for aged people of this country.

An interesting news report emanated from Ottawa in January last. I take it that there was some basis for the report which appeared in the press. It suggested that some plans were under way in the department at that time for drafting and submitting to parliament a contributory old age pensions scheme. It was suggested in this news article that a bill embodying such a scheme would be submitted to parliament at the present session. A good many of us have been looking patiently for the introduction of such a measure. None has been indicated as yet. May I read briefly to the committee the substance of this report which appeared in the *Globe and Mail* on January 15? I shall refer to part of it. It says:

> Measures covering a contributory old age pension scheme as well as a health insurance plan are being drafted, with a view to having both bills presented to the commons at the coming session. There has been no cabinet discussion of Health Minister Martin's new plans, and it is likely that they will come in for careful and lengthy scrutiny. It is the hope of the minister and the department, however, that both bills will be on the statute book before parliament prorogues at midsummer.
>
> Both bits of legislation are based on extensive studies made in the department, using the original dominion-provincial proposals of August, 1945, as a starting point.
>
> In both cases the legislation would follow the pattern of the original Old Age Pensions Act—

The DEPUTY CHAIRMAN: Order. I do not think it is in order for the hon. member to read press reports on this item.

Mr. FLEMING: We are discussing provision for administration of old age pensions in this country, and the statutory item of $65,000,000 for old age pensions. I submit that it is entirely in order to discuss all features of the old age pensions legislation and its inadequacy, and plans that will meet the exigencies of the situation and the needs of the Canadian people. What I am referring to is a report that emanated from Ottawa last January.

The DEPUTY CHAIRMAN: That report may or may not be true. Many statements appear in the press, and it is hardly in order for the hon. member to advance the report as an argument. It would be more desirable to have his own argument. It would be much more valuable to the committee.

Mr. FLEMING: That may be a matter of personal opinion, Mr. Chairman, but it is not a ground for ruling out of order a reference to a press dispatch. The minister will have full opportunity to indicate whether he and his department have this subject under study and whether they plan to put such legislation before the house.

Mr. MARTIN: Ask the question now and it will save time.

Mr. FLEMING: Perhaps the minister will allow me to put it in my own way. I call the attention of the committee, Mr. Chairman, to the necessity for a courageous approach to the

problem and for finding a solution of the kind that ultimately must be sought, a solution of the kind which the government has been asked on more than one occasion to bring in. At one stage of the session the air was filled with rumours that the government would bring in such a plan, and we are now on the eve of prorogation without such a plan, without any breath of intimation from the government that any such plan is to be brought in. I say that the house has a lively concern in the question, and I am sure it wishes to know from the minister whether his department has such a plan, how far it has progressed, when we may expect to have it, and how far it intends to go.

That raises the question as to what the federal government proposes to do in this respect in co-operation with the provinces. The minister indicated in his statement to the house last week, when his estimates were up for the first time on June 11, that a happy spirit of co-operation had been exhibited by all parties to the dominion-provincial conference held in Ottawa last week. There have also been conferences of the welfare officials of the dominion and provincial governments from time to time. May I ask the minister also, in addition to these other questions, whether this subject has been discussed at dominion-provincial conferences, whether any further conference on the subject is now contemplated, and how far the matter has progressed as between the dominion and the provinces?

Mr. FAIR: I should like to say a few words in support of the plea made by the hon. member for Selkirk and the hon. member for Calgary West. I wish also to commend the minister, even at this late date, for the action he took last session in bringing down an amendment reducing the age from forty to twenty-one in the case of blind persons receiving pensions. That, I believe, received favourable comment throughout the dominion, and I do not think we have felt the loss that has resulted from that action.

In connection with old age pensions in general, I wish to ask a few questions. The first has reference to the prairie farm assistance bonus cheques received by old age pensioners. I should like to know just how these cheques are treated by the department, whether they are allowed as income or otherwise. Perhaps the minister is not aware that farmers have to contribute one per cent of their grain cheques to a fund known as the prairie farm assistance fund, and when the average crop goes below a certain number of bushels per acre the people contributing receive a small payment on account of the low average yield. I understand that there is some conflict in respect of the treatment of this matter. I would ask the minister to give an explanation of the method used and the reason for its adoption. After that, there are two or three more questions I wish to ask.

Mr. MARTIN: The Department of Justice has ruled that as income.

Mr. FAIR: Thank you. The next question is in connection with proof of age. Recently I came across a number of cases, particularly affecting Ukrainians and Polish people, and other people from those countries who came here many years ago. Because of the spelling and pronunciation of their names, mistakes were made in recording them as they came here, with the result that, after they have spent the useful part of their lives here and have reached the age of seventy, they are unable to produce proof of age. I understand that many of them are denied pension on this account. In some cases I have tried every method I could think of and have been unable to get proof of age. I wonder what action has been taken by the department so far as these cases are concerned, or whether any method can be found whereby these people can be granted their pensions.

Mr. MARTIN: The regulations were relaxed last year at the last meeting of the dominion-provincial pension board and every effort is made to assist the individual in proving his age. It is no longer mandatory that there should be a birth certificate. Other circumstances may be taken into account which are just as effective for purposes of proof.

Mr. FAIR: I am aware that these people can go to the bureau of statistics or the old age pension branch in the province and try to get through the census records some proof of their age, but in some cases we have been unable to prove age. Other methods such as immigration records and filing on homesteads having failed, I suggest that some method should be found whereby these people can be enabled to get their pensions.

Mr. MARTIN: These questions are all a matter of dominion-provincial regulation and agreement, and whatever valid proof can be given of age is now admissible under the liberalized regulations agreed to by the provinces and the dominion.

Mr. FAIR: One further question. Would the minister read and explain section 10 of the act.

Mr. MARTIN: I shall be glad to do that.

Mr. FAIR: I wish the minister would give that explanation.

Mr. KNOWLES: I wish to support once again the plea for the blind so well put forward by the hon. member for Selkirk and others who followed him tonight. I wish also to express my active interest in the old age pension question, not by making another speech tonight but by putting three questions to the minister.

My first question relates to the proposals made to the provinces by the dominion government in 1945, which included a $30 universal pension for all Canadians seventy years of age and over, without any means test, together with a means-test allowance for those between sixty-five and sixty-nine years of age. My question is this. Is the government considering implementing that proposal, at least in the case of provinces that have signed the taxation agreement?

My second question is one that arises particularly if the answer to the first question is either in the negative or a delayed reply. Is the government considering increasing the amount of $30, which is now in the basic Old Age Pensions Act, to a larger amount? I refer now not to pressure that may be put on the provinces to add to it. My direct question is this. Is the government considering an increase in the basic amount provided in the federal statute?

My third question relates to an over-all scheme, or more specifically, to tie it down to this field, to the question of contributory old age pensions. Is the government considering a contributory old age pension plan for presentation to parliament at an early date?

Mr. CHARLTON: I wish to say a few words in support of the six-point program sponsored by the Canadian Council of the Blind and the Canadian National Institute for the Blind. I think it is unnecessary for me to mention those six points again. The minister is well aware of them, and I believe he is favourably disposed toward them.

I wish to say one word in connection with point number four, which I believe is most important. That is the one with regard to the twenty-year residence law which is now in force. It is most ridiculous that a person coming to Canada to live, with the intention of making Canada his home, if he should have difficulty, get into an accident or have some mishap whereby he loses his sight, must remain in this country for twenty years before he can get this pension. As I said, this is a most ridiculous situation. I hope the minister will lend his support in favour of these six points.

I might say here I see that there is a $27,200,000 increase in this particular item. I wonder if any portion of that is to go toward increasing pensions for the blind?

Mr. CASE: Mr. Chairman—

Mr. CHARLTON: Will the minister answer the question that I asked?

Mr. KNOWLES: Will he answer the three questions that I asked?

Mr. CHARLTON: I ask the minister to answer.

Mr. MARTIN: A great many questions have been asked. I will deal with them as best I can after I get them all in.

Mr. CASE: I should now like to renew the question I asked earlier with respect to income tax. I believe this is a spot where I might expect the minister, when he gives an answer to many questions that have been asked, to tell the committee if the department have recognized the recommendation by the special committee on Indian affairs, and whether they will now be prepared to grant a pension in kind—an old age pension, as it is now called—to the aged Indians on the various reserves.

I should also like to take this opportunity to underline and support the views that have been expressed with respect to the blind. I wish to go one step farther. I think the blind suffer a terrible disability, but there are other types of disablement, both physical and mental. I believe this country can afford to assume the burden in order to release society of that responsibility—I refer particularly to the parents of children who are afflicted by mental disease or physical incapacity— so that when the children attain the age of twenty-one years the state should provide for those unfortunate victims of disablement, which is no fault of their own, but who remain a burden to those whose responsibility they are, whereas the nation could well afford to provide for them.

I should also like to express a view which has been expressed before by myself and others, that I believe the means test should be removed as of age seventy, that the amount should be increased, and that the pension should be available at the age of sixty-five, subject to a means test if necessary, but certainly at age seventy. I could elaborate at considerable length on the reasons why I think that would be a good move and would tend to promote thrift; because those people, in anticipation of a pension, knowing it would be available for them upon proving their age,

would probably continue to save their money and might not even need a pension. But as matters stand at the present time, very often between the age of sixty and seventy people dispose of their small estates in order that they may obtain a pension, and the country is the loser.

Once again I say it is unfortunate that we use that term "old age pension", because I feel it does not properly describe the objective. I think it would be far better if the title "retirement allowance" were used, since one of the objectives surely is to remove from the labour market those who have served their country and their community, who are entitled to some reward, and are encouraged by the very terms of the act to desire retirement with a greater sense of security than they have at the present time. The country could well afford to be more generous to those who are seventy years of age and over, without the means test, even though we continue to apply it in connection with any reduction of age that might be anticipated. But I am particularly asking the minister if the government have given consideration to granting a pension in kind for all aged Indians on the various reservations.

Mr. FERGUSON: May I add my support to the hon. member for Grey North in advocating abolition of the means test for all blind people, abolition of the means test for all old age pensioners at the present time and certainly after they have reached the age of seventy; also that great consideration be given to the unfortunate children in this country who find themselves crippled through one means or another, and whose parents are not in a position to look after them as they should be looked after. I believe that some form of payment should be made to children who find themselves in the condition that they are not able to look after themselves and whose parents are not in a financial position to give them the proper kind of treatment to which they are entitled as Canadian citizens.

I would go even farther. I would say there should be abolition of the means test at the age of sixty-five. To encourage thrift in this country, unless figures can be produced to prove conclusively that the taxpayers cannot afford these suggestions, I am certainly in favour of the abolition of the means test at age sixty-five.

The DEPUTY CHAIRMAN: Shall the item carry?

Some hon. MEMBERS: Carried.

Mr. CASE: May we not have some answers first?

Mr. MARTIN: First of all, with regard to the question put to me by the hon. gentleman whose name indicates the good character of the weather but whose constituency I have forgotten—the hon. member for Battle River—section 10 of the Old Age Pensions Act provides that for the month in which the pensioner dies, the portion of the monthly payment covering that portion of the month in which he was alive may be applied to any debt that may be left unpaid at the time of death.

With regard to the representations that have been made by a number of hon. members with regard to the six-point program of the institute for the blind, may I say I am to be privileged, before this week is out, to have a conference with the managing director of that institute to discuss this and other matters. I must say that I am largely in accord with the general features of what they have asked, at least with regard to the suggestion of separate legislation that will place blind pensioners under legislation that is more properly applicable to them rather than including them, as they are now included, under the provisions of the Old Age Pensions Act.

The committee will appreciate the fact that in the consideration of these matters one must bear in mind a number of things—the general over-all policy of the administration, what one might expect and what one might reasonably say with regard to other features of the act. I will be frank in stating that what I am aiming at is a system of contributory old age pensions in this country.

Having said that, I should add that whatever action we may take in this regard is conditioned and contingent on action on a constitutional basis involving the transference of or agreement on jurisdiction now enjoyed by provincial governments—something that is not as simple as it may appear on the surface to some hon. members. Last November we had a meeting with the provinces and discussed these matters, and any progress we may make in this regard is predicated largely upon the kind of action we may expect from those in authority in the provinces. But as an over-all objective I state unreservedly to the committee that that is my intention, and I am hoping that the progress we have made with the provinces in the matter of health during the past few weeks may be followed by the same measure of collaboration with the provincial governments with respect to old age pensions and welfare matters generally, but particularly old age pensions which involve, if a contributory scheme is to be established, even in connection with a scheme on a co-operative

basis, agreement of some sort as to endowing the central authority with power, that is now enjoyed by the provinces entirely.

With regard to the blind, the amendments we made to the Old Age Pensions Act last session regarding the blind were very considerable in their portent. What we did was to reduce the age from forty to twenty-one, thereby adding no fewer than some twelve hundred blind individuals to the roll of recipients. In other words, twelve hundred blind people are now receiving moneys which, but for those amendments, they would not have received. That is a very considerable matter.

With regard to old age pensions, we are now paying roughly $100 million this year by way of old age pensions. What I said last year I repeat again tonight, that we are looking forward to developing a social security program in this country to cover such things as invalidity and disability which have been mentioned tonight. But we must have a sense of proportion in these things when considering expanding into other important fields of social welfare. Some 65,000 individuals have been added to the list of old age pensioners as a result of the old age pension amendments, and with respect to the $100 million let it not be forgotten that the federal government is paying 75 per cent of the cost of the basic pensions. It is all very well for some hon. members to say the federal government should pay the whole cost; but let me say, without any hesitation or doubt, I do not subscribe to that. The moment you centralize the administration and responsibility for all social legislation in the central government, you thereby do to social security and to social welfare and to the provinces a gross injustice, and most of the provinces do not want that. This I can tell hon. members from the discussions I have had with a number of the provinces. I think the present proportion, 75 and 25 per cent, is not an unreasonable proportion.

Mr. KNOWLES: That has been upset by the supplements which have been added by some of the provinces.

Mr. MARTIN: It has not been materially upset. Remember what I said last year, that the old age pension is but a maintenance grant, and we have amended the act to permit the provinces to increase the amount paid to an old age pensioner up to $50 a month. When I add that the federal government is paying 80 per cent of the costs of the social services in this country, which total between $700 million and $800 million, I do not think we are in any way capable of being adjudged as being ungenerous. I do not say the picture is perfect, but I do not think we are capable of being adjudged as ungenerous.

With regard to the old age pension means test, let this be clearly stated, that our means test is the most liberalized means test of any country in the British commonwealth and, so far as the researches of my officers have gone, of any country in the world.

Mr. FERGUSON: This is one of the wealthiest countries in the world in natural resources.

Mr. MARTIN: I agree with that.

The DEPUTY CHAIRMAN: It is not in order for an hon. member to interrupt.

Mr. MARTIN: I am going to say in the kindliest way, as my colleague the Minister of Labour would say, because we have to be realistic, that we have made certain proposals to the provinces. The Prime Minister, the present Minister of Justice, the present Minister of Finance and I have stated the policy of the government with regard to those proposals. They still remain in their broad essentials the policy of the government of Canada. I say this simply to keep the record straight, because the question has been raised tonight, that we are not in any respect standing in the way of the realization of that program. The Prime Minister and other ministers speaking for the government have clearly indicated that, just as soon as we get agreement with the provinces, we are prepared to deal with these important measures. Let me say to the hon. member for Simcoe North, for whom I have a very deep regard, that he has influences in certain places where I have not, and if he would bring pressure in those places he might materially assist in this program, as well as other hon. members who have influence in another large province with another head of a provincial government. No one can say that if we have not made progress in this regard it is the fault of this government.

Mr. GREEN: Is it not a fact that, although agreements have not been signed by certain of the provinces, this government has all the money that it would get even if there had been agreements? How can the minister use his present argument as an excuse for not going ahead with the proposals made in the green book?

Mr. KNOWLES: At least with the seven provinces.

Mr. MARTIN: I cannot add anything to what I have said. I have stated the policy of the government and I cannot go beyond that.

With regard to the question put to me by the hon. member for Winnipeg North Centre, I have already spoken about contributory schemes and our objectives in that regard.

With regard to the other question the hon. member posed, the government policy in these and other matters will be announced in the light of circumstances as the government sees them at the time.

Mr. KNOWLES: Can the minister say whether consideration has been given to the specific point I asked him about, namely, implementing those proposals in the case of the seven provinces which have signed an agreement?

Mr. MARTIN: I cannot add anything to what I have said. The government's policy is well known.

I want to thank the hon. member for Grey North for the generous words of appreciation which, before the dinner recess, he used in respect of this department and particularly its administration in regard to the health of Indians, and to the general approval he has given respecting the administration over which I have the honour and responsibility of exercising ministerial jurisdiction at the moment.

The matter to which he has referred concerning the Indians is very much in our minds. We are following with keen interest the work of the Indian affairs committee, particularly in respect of enfranchisement and granting of citizenship. The furthest I can go at the present time is that the matter is under active consideration and is receiving our full attention.

Mr. ROSS (St. Paul's): I note that there is only $65,000,000 provided in the estimates.

Mr. MARTIN: The rest is paid by the provinces.

Mr. ROSS (St. Paul's): Then it is not 75 per cent of $100 million?

Mr. MARTIN: Under the act we pay 75 per cent of the basic pension provided for in the statute.

Mr. ROSS (St. Paul's): You have said that figure is $100,000,000 and that would mean that this figure should be $75,000,000. It is only $65,000,000 in the estimates; is that figure correct?

Mr. MARTIN: Yes.

Mr. ROSS (St. Paul's): Then the amount is not $100,000,000?

Mr. FLEMING: What are the amounts?

Mr. MARTIN: Old age pensions administration, $52,812.53; unliquidated commitments $25.15; total commitments, $52,837.78. With respect to old age pension payments including pensions to the blind, expenditures, $58,089,000; unliquidated commitments, nil; total commitments, $58,089,000.

Item agreed to.

Welfare branch—National physical fitness—

275. Administration, $48,871.

Mr. GAUTHIER (Portneuf): Mr. Chairman, last year I drew the attention of the minister to this law, and I asked him whether all the provinces had agreed to accept its benefits. In his answer he said that six of the nine provinces had agreed to accept the subsidies according to law, but that the three other provinces had not entered into an agreement with the federal government. Those were the provinces of New Brunswick, Quebec and Ontario. Have those provinces come to an agreement with the federal government since that time?

I feel that this national physical fitness program should render a service to our population, and particularly to our youth. I turn to page 6 of a book I hold in my hand, setting out the object of this law. Doctor Heagerty states this:

> The idea of national physical fitness is fostered by all who are interested in the field of physical education and chiefly by men in the physical-fitness field who are associated with schools and universities and who urged the dominion government to establish a physical-fitness plan and provide funds to enable the provinces to establish a program along lines similar to those which have been in effect in Europe for a number of years.

And farther on, he says:

> It will be the duty of the council to assist in the extension of physical education; to encourage and correlate all activities relating to physical education; to formulate plans for training teachers, lecturers and instructors and to correlate efforts of the provinces to organize activities, to promote sports and to co-operate in the amelioration of physical defects amenable to improvement through physical exercise.

For many years I took a special interest in the problem of the desertion of rural districts in favour of urban centres. That problem existed thirty-five years ago, but it is more acute today than it ever was before. In my province the population in the rural districts is about equal to that in urban centres. I know that in some provinces the population living in the cities is far more considerable than that in the rural districts. That condition should not exist.

That is why I am seeking to impress upon the minister to try to convince the provincial premiers and the provincial ministers of health in all those provinces which have not come to an agreement with the federal government, to profit by this law, and to develop what I would call rural educational and recreative centres in order to give the necessary fitness to our youth, and to make them feel more at home in rural centres. To attain that, I think it would be necessary that the provinces and the federal government should act more closely together to develop those centres, and to give subsidies so that such centres may become a reality.

A year or two ago I received a brief from Vancouver concerning community centres in Canada. From it I would quote this paragraph:

> In today's world the community centre is an essential part of democratic community life. It is not intended to substitute for the home, church or other forms of social life, or to replace bowling alleys, movie theatres, libraries, art galleries, museums, or concert halls.

I should like to see these rural educational centres equipped with libraries, small gymnasia, pool tables and the like, in order that the youth who gather there might find such centres more interesting than even the urban centres. I know the lights of the cities and the opportunities to go to moving picture theatres and concert halls may be attractive; but I know also that in the rural centres we have young people with great talent. Some are talented vocally; others have other musical talent which could be developed in those centres, so that they might be more appreciated by their fellow citizens. Along with the development of such talents, the fitness of our youth could be improved.

I hear hon. members speaking about those who are crippled; but I believe that we have not been sufficiently aware of the old saying that an ounce of prevention is worth a pound of cure. We have not emphasized sufficiently the point that such prevention should have been better understood by our population.

Last night I heard the hon. member for Temiscouata speak about the sanitary units in my province. The chief aim of those units is that of preventive medicine. If there were more preventive medicine there would not be so many cripples or blind people today. In the past the education among the people was not sufficient. When families were asked to be quarantined for measles or smallpox they did not like it. Now they have been better educated by the sanitary units, they understand the necessity of quarantine for certain diseases.

The doctors know that after measles, smallpox and other diseases, eyes and ears may be affected. Many people are suffering today from kidney trouble and from eye or ear troubles because the necessary precautions were not taken.

I want the minister to understand my point, even though I have not made it quite clear. I should like to see him try to convince the premiers of the provinces which have not signed agreements with the federal government that they should do so. In my province, for instance, if we had entered into an agreement, since 1947 we would have received $130,496, which is twice the amount of $65,248 which we would have received. In ten years that would mean $1,300,000, and with that amount of money we could start rural recreational and cultural centres. With the development of such centres, we could keep our youth at home and have them better contented to live in rural areas. We would then solve the problem of the desertion of the rural areas in favour of urban centres by our young people.

I know the minister is an active minister, but I think he will agree that we shall have more success if the three provinces which have not entered into agreement would agree to do so. I hope that soon he will be able to announce that agreements have been reached, and we shall then be sure of seeing the development of these centres which are so necessary to our population.

Mr. MARTIN: We have agreements with all provinces but two, Ontario and Quebec.

Mr. FLEMING: In order to save time at this stage, would the minister place on *Hansard* the financial statement of the national physical fitness administration for the fiscal year ended March 31, 1948?

Mr. MARTIN: I tabled it in the house the day before yesterday.

Mr. FLEMING: I do not mean the full report; I mean the financial statement for the fiscal year ended March 31, 1948, which is only about half a page.

Mr. MARTIN: I will give consideration to that.

Mr. FLEMING: I am trying to save time.

Mr. MARTIN: I am tabling the statement now.

Administration of the National Physical Fitness Fund
Financial Statement for Fiscal Year Ended March 31, 1948

Balance from fiscal year 1946-47		$ 25,986.31
Parliamentary appropriation 1947-48		47,866.00
		$ 73,852.31
Expenditures		
Salaries	$12,064.69	
Other paylist items	130.19	
Publicity and information	10,896.44	
Telephones, telegrams and postage	606.70	
Equipment	471.66	
Sundries	629.35	
Professional and special services	999.92	
Materials and supplies	2,073.69	
Freight, cartage and express	146.68	
Transportation and travel	3,919.01	
		31,938.33
Balance at end of fiscal year 1947-48		$ 41,913.98

Assistance to Provinces

Balance from fiscal year 1946-47		$237,745.13
Parliamentary appropriation, 1947-48		Nil
		$237,745.13
Expenditures		
Prince Edward Island*	Nil in 1947-48	
Nova Scotia	$ 8,685.40	
New Brunswick	2,186.86	
Manitoba†	7,933.66	
Saskatchewan‡	35,091.50	
Alberta§	19,488.12	
British Columbia	16,015.75	
Northwest Territories	234.00	
		89,635.29
Balance at end of fiscal year 1947-48		$148,109.84

*Account paid in 1948-49.

†Period of account May 1, 1946-April 30, 1947—paid in 1947-48. Account for 1947-48 not received.

‡Grant for 1946-47 paid in 1947-48. Grant for 1947-48 paid in 1947-48.

§Period of account January 1, 1947 to March 31, 1948.

Mr. JAQUES: When the minister told us that he was removing the duty on glucose I understood him to say that glucose was used in the making of jams and other similar articles. I should like to ask the minister whether his advisers consider the use of glucose in the manufacture of jams and other articles as being an aid to physical fitness? My experience is that it is an injurious adulteration of jam or anything else.

Mr. MARTIN: I shall be glad to have that looked into at once.

Mr. FLEMING: May I have that report?

Mr. MARTIN: I have not it before me, but I shall see that it is made available.

Item agreed to.

Welfare branch—National physical fitness—

276. Assistance to provinces, $100,353.

Mr. MARTIN: The expenditures for 1947-48 were $89,635.29; no unliquidated commitments; total commitments, $89,635.29.

Mr. FLEMING: Could we have the figures for item 275?

Mr. MARTIN: Expenditures, $31,938.33; unliquidated commitments, $11,190.36; total commitments, $43,128.69.

Item agreed to.

Welfare branch—

277. Assistance to schools of social work, $50,000.

Mr. FLEMING: How was this money spent last year?

Mr. MARTIN: The grants for the schools for 1947-48 were as follows:

Maritime school of social work	$ 3,250
School of social work of Laval University	6,560
School of social work of the University of Montreal	6,670
School of social work of McGill University	7,300
School of social work of the University of Toronto	12,230
School of social work of the University of Manitoba	4,430
School of social work of the University of British Columbia	9,560
	$50,000

Item agreed to.

Miscellaneous grants—
Grant to:
280. Health league of Canada, $10,000.

Mr. HERRIDGE: Could the minister give the officers of this organization and details of the work that it does? I have received considerable correspondence, and I know there are many people who are not well informed. I was wondering if there is an overlapping with the work of the Canadian public health association or with departmental activities?

Mr. MARTIN: The Health League of Canada is a voluntary body which is doing a great deal of work in the way of health education. The director is Doctor Bates, and the president is Mr. H. H. Bishop of Toronto. They publish the magazine, *Health*, and I cannot speak too highly of their work. The provinces, some municipalities and the dominion make contributions.

Item agreed to.

282. Canadian National Institute for the Blind, $18,000.

Mr. ROSS (St. Paul's): How much did the Canadian National Institute for the Blind request this year? Did they get what they requested?

Mr. MARTIN: That is now under consideration.

Mr. ROSS (St. Paul's): How much did they request?

Mr. MARTIN: I forget the full amount, offhand, but it is now under consideration.

Mr. ROSS (St. Paul's): Did the minister get any request from the institute for the hard of hearing?

Mr. MARTIN: Yes. That, too, is under consideration.

Mr. ROSS (St. Paul's): People who are totally deaf can be aided. You cannot do anything for people who are totally blind. People who are hard of hearing can be aided. I suggest that intensive research be instigated, through the Department of National Health and Welfare and through the national council, to bring aid within reasonable bounds to those who are hard of hearing, in regard to the cost of hearing aids and also in regard to the cost of maintaining them. That is important. I do not think nearly enough attention has been paid to the handicap of those persons who are hard of hearing. The blind people get everything done for them. The institute is doing very well. I understand that the Canadian national institute is connected with the hard of hearing as well. It is a serious thing to be hard of hearing, far more serious than the average individual realizes. There is the great economic loss to the country as well. I suggest that some contribution be made toward the work that the institute is doing for the hard of hearing, so that they may be able to carry on that work.

Item agreed to.

287. Victorian Order of Nurses, $13,100.

Mr. WEBB: I am particularly interested in this item. Last year when the hon. member for Wentworth took up this item the minister said at that time he would be glad to give it serious consideration, meaning, of course, that the grant is exactly the same this year as it was last year. It has been my privilege to be closely associated with the Victorian Order of Nurses in Canada for several years. The financial statement presented at the annual meeting this year, which, incidentally, was the fiftieth anniversary of this order, was somewhat alarming. I made it my business to check into the affairs of the order, and I believe it would be interesting to hon. members and to many people outside if I were to put some figures on the record. It will not take long.

The DEPUTY CHAIRMAN: Does the hon. member wish to place them on the record?

Mr. WEBB: It consists of just a few figures.

An hon. MEMBER: Eleven o'clock.

Mr. WEBB: I am sorry if it is going to keep anybody up, or anything like that.

Some hon. MEMBERS: Go ahead.

Mr. WEBB: I have found that there has been a tremendous increase in the Victorian Order visiting nursing service during the past few years. In 1944, in round figures, 732,000 visits were made; in 1945, 757,000 visits; in 1946, 853,000 visits, and in 1947, 906,000 visits, or an increase of 23·8 per cent in the last three years.

In 1947, forty per cent of the visits were to mothers before and after the birth of the baby for care and health counseling and for assistance to the doctor when the baby was born at home. Some 187,471 visits were made to the mothers and newborn who returned home from hospital, to demonstrate the baby's bath and establish a plan for the care of the baby. Forty-seven per cent of the visits were to medical and surgicial patients of all ages, some of them with long-term illnesses. Owing to the extension of life expectancy, people are living to a greater age, and the care of the older age group has become a major health problem. The Victorian Order cares for many of these people who do not need institutional care, and are happier in their home environment. Victorian Order nurses are taking an active part in the campaign for the prevention of cancer. They use their many opportunities to teach the importance of health examinations for early diagnosis. Last year they made 37,000 visits to give care to 1,487 patients under treatment for cancer.

The Victorian Order gives care to many patients who would otherwise need hospital treatment, and to patients discharged as soon as their condition permits, to release beds for more urgent cases. This relieves the pressure on overcrowded hospitals and reduces the cost of illness to the patient and to the community. During the year, 41,904 visits were made to patients on their return home from hospital.

The Victorian Order provides nursing care to the community at a reasonable cost which permits people in moderate circumstances to have a nursing service for which they can pay. The charge may be reduced when the patients cannot afford the full fee, and when necessary, the visit is made without charge. The service is for everyone. Every call is answered, but care is continued only when the patient is under medical treatment.

During 1947, twenty-two per cent of the visits were made to people who paid the full fee; in sixteen per cent of the visits the fee was reduced; ten per cent of the visits were paid for by insurance companies for care to policy holders, and fifty-two per cent were made without charge.

As soon as nurses are available, new organizations will be set up in several other places. This heavy demand on the Victorian Order of nursing service, the increased cost of operating and the cost of training nurses in public health, have placed an increasingly heavy burden on this order. During the past four years, the educational training of nurses alone has required $72,400. The budget for 1948 shows an estimated deficit of $43,900, and includes a further $14,000 for training purposes, with consideration for an additional appropriation if suitable nurses and funds are available. Prior years I find show the following deficits:

1947	$ 37,458
1946	41,050
1945	41,838
1944	12,737
1943	7,388
1942	3,247
Total	$143,718

To meet these deficits, it has been necessary to draw on capital funds to the extent of $137,000.

The annual grant from the dominion government has remained at $13,100 since 1934, although during the period from that year to date the number of Victorian Order branches has risen from 79 to 104, an increase of 31·6 per cent. A comparison of the number of patients served shows an increase of 46·7 per cent.

I am told that the president and members of the management committee have brought this service, and the need of increased financial support, to the personal attention of the minister and the deputy minister of national health and welfare. Personally I feel, and I know the minister feels, very sympathetic toward this order. I was quite impressed this year when the minister attended the annual meeting and brought his good wishes and every feeling of sympathy toward the order, but that does not carry the order on from the financial standpoint. I feel at this stage that with the increased service which the order has given across Canada, it is definitely entitled to some consideration in the way of an additional grant. I wonder if the minister, after making the statement he did last year, which I believe his predecessor also made, that serious consideration would be given this item, has in fact given it that consideration. If so, why has it not resulted in a larger amount being brought in for this order?

Mr. GREEN: Is the minister not giving an answer?

Mr. MARTIN: The matter is being given active consideration at the moment along with other grants.

Item agreed to.

289. Canadian Red Cross Society, $10,000.

Mr. FLEMING: With regard to all these items, I suppose we may assume that payments were made in accordance with the amounts appropriated?

Mr. MARTIN: That is right.

Item agreed to.

Demobilization and reconversion—

290. Grant to Canadian Nurses' Association, $9,719.

Mr. FLEMING: What is the amount?

Mr. MARTIN: Expenditures, $46,525; unliquidated commitments, none; total commitments, $46,525.

Item agreed to.

Demobilization and reconversion—

291. War charities division administration, $13,412.

Mr. FLEMING: What is the amount?

Mr. MARTIN: Expenditures, $27,934.81; unliquidated commitments, $33.09; total commitments, $27,967.90.

Item agreed to.

Demobilization and reconversion—

292. Division of voluntary war relief, $7,259.

Mr. FLEMING: What is the amount?

Mr. MARTIN: Expenditures, $13,138.77; unliquidated commitments, none; total commitments, $13,138.77.

I promised my hon. friend that I would give the total departmental expenditures, unliquidated commitments, and total commitments. Expenditures authorized by statute: $321,267,178.61; unliquidated commitments, none; total commitments authorized by statute, the same amount. To be voted: expenditures, $11,889,820.31; unliquidated commitments, $238,853.53; total commitments, $12,128,673.84.

Mr. FLEMING: Will this be the last year that these will be continued as demobilization and reconversion items?

Mr. MARTIN: I expect so.

Item agreed to.

Progress reported.

BUSINESS OF THE HOUSE

Mr. FOURNIER (Hull): Mr. Speaker, I move the adjournment of the house. Tomorrow we shall take up Bill No. 344, to amend the Lord's Day Act; Bill No. 195, to provide for the investigation, conciliation and settlement of industrial disputes; Bill No. 343, to amend the Government Annuities Act. When these have been considered we shall go into committee of supply, taking the estimates of trade and commerce, reconstruction and supply, veterans affairs and agriculture.

Motion agreed to, and the house adjourned at 11.15 p.m.

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

NATIONAL HEALTH AND WELFARE

National health branch—

246. National health branch administration, $122,823.
247. Food and drugs, $540,953.
248. Proprietary or patent medicines, $24,556.
249. Opium and narcotic drugs, $115,144.
250. Quarantine and leprosy, $251,334.
251. Laboratory of hygiene, $267,354.
252. Immigration medical inspection (including "maintenance, non-resident seamen", formerly under demobilization and reconversion), $643,683.
253. Child and maternal health, $71,565.
254. Public health engineering, $161,292.
255. Treatment of sick mariners, $437,981.
256. Industrial health, $99,364.
257. Civil service health, $212,630.
258. Nutrition, $150,816.

Combating veneral diseases—

259. Administration, $37,363.
260. Assistance to provinces for control of venereal disease under regulations approved by the governor in council, $175,000.
261. Distribution of drugs under regulations approved by the governor in council, $50,000.
262. Health insurance studies, $23,302.
263. Dental health, $42,551.
264. Hospital designs, $24,664.
265. Mental health, $79,847.
266. Blindness control, $44,510.
267. Epidemiology, $22,704.
268. Grants to institutions assisting sailors, in the amounts detailed in the estimates, $2,400.
269. Medical services—Indians and Eskimos, $7,187,530.
270. Grants to hospitals which care for Indians and Eskimos, $55,000.
271. Civil aviation medicine, $21,704.
272. Welfare branch administration, $37,098.

Family allowances—

273. Administration, $1,717,513.

Old age pensions (including pensions to the blind)—

274. Administration, $59,832.

National physical fitness—

275. Administration, $48,871.
276. Assistance to provinces, $100,353.
277. Assistance to schools of social work, $50,000.

Miscellaneous grants—

278. Canadian Welfare Council, $12,600.
279. Canadian National Committee for Mental Hygiene, $10,000.
280. Health League of Canada, $10,000.
281. Canadian Public Health Association, $5,000.
282. Canadian National Institute for the Blind, $18,000.
283. L'Association Canadienne Francaise des Aveugles, $4,050.
284. L'Institut Nazareth de Montreal, $4,050.
285. Montreal Association for the Blind, $4,050.
286. Canadian Tuberculosis Association, $20,250.
287. Victorian Order of Nurses, $13,100.
288. St. John Ambulance Association, $4,050.
289. Canadian Red Cross Society, $10,000.
290. Canadian Nurses' Association, $9,719.
291. War charities division administration, $13,412.
292. Division of voluntary war relief, $7,259.

HOUSE OF COMMONS

Thursday, June 17, 1948

The house met at eleven o'clock.

VETERANS AFFAIRS

Seventh report of the special committee on veterans affairs.—Mr. Mutch.

QUESTIONS

(Questions to be answered orally are indicated by an asterisk.)

IMPORTS AND EXPORTS—UNITED STATES

Mr. TIMMINS:

1. What were the exports from Canada to the United States in each of the years, 1946 and 1947, and for the first four months of 1948?

2. What were the amounts of imports into Canada from the United States in the same respective periods, in terms of foodstuffs, manufactured goods, raw materials and base metals, and all other commodities?

Mr. McILRAITH:

1. Exports to the United States:

	Canadian Produce	Foreign Produce
Calendar year 1946	$ 887,940,676	$ 20,636,491
Calendar year 1947	1,034,226,394	22,371,174
Jan. 1-Apr. 30, 1948	421,552,854	7,120,146

2. Imports from the United States:

Calendar year 1946....	$ 1,405,296,699
Calendar year 1947....	1,974,679,178
Jan. 1-Apr. 30, 1948....	584,583,389

In trade statistics, imports are not broken down into the exact categories requested. The following tables set forth the information which is available:

(a) Commodity Groups	Calendar year 1946
Agricultural and vegetable products	$ 155,545,924
Ainmals and animal products	33,876,383
Fibres, textiles and products	140,165,403
Wood, wood products and paper	64,175,669
Iron and its products	467,007,296
Non-ferrous metals and products	84,058,658
Non-metallic minerals and products	274,845,235
Chemicals and allied products	83,618,188
Miscellaneous commodities	102,003,943
Total	$ 1,405,296,699

	Calendar year 1947
Agricultural and vegetable products	$ 169,726,994
Animals and animal products	57,210,345
Fibres, textiles and products	217,025,780
Wood, wood products and paper	82,740,799
Iron and its products	725,897,546
Non-ferrous metals and products	120,333,447
Non-metallic minerals and products	364,282,093
Chemical and allied products	99,587,219
Miscellaneous commodities	137,874,955
Total	$ 1,974,679,178

	Jan. 1-Apr. 30, 1948
Agricultural and vegetable products	$ 41,074,989
Animals and animal products	16,453,276
Fibres, textiles and products	39,314,609
Wood, wood products and paper	23,700,493
Iron and its products	244,184,011
Non-ferrous metals and products	38,730,972
Non-metallic minerals and products	119,707,969
Chemicals and allied products	34,791,619
Miscellaneous commodities	26,625,451
Total	$584,583,389

(b) Degree of manufacture		
Raw materials	$ 354,420,391	$ 431,802,151
Partially manufactured	46,928,314	64,376,151
Fully or chiefly manufactured	1,003,947,994	1,478,500,876
(c) Purpose		
Producers' materials	$467,012,446	$680,514,078
Producers' equipment	269,303,893	397,103,791
Fuel, electricity and lubricants	141,030,360	179,781,597
Transport	132,086,715	215,598,558
*Consumers' goods	250,655,369	300,926,280
Other	145,207,916	200,754,874
*Includes "Foods".	104,528,617	97,570,655

NOTE—Tables (b) and (c) are not available for the period January to April, 1948. Information compiled on calendar year basis only.

BARLEY—EXPORT PERMITS

Mr. WINKLER:

1. When were export permits for barley first granted in 1948?

2. To date (or any convenient recent date) for how much barley have export permits been granted?

3. Is there any restriction to the granting of these permits? If so, what was the cause of the refusals?

Mr. McILRAITH:

1. Export permits for barley were first authorized in 1948 on April 1 and the issuance of the first permit under the authorization was approved on April 9.

2. Permits granted since the authorization to June 12, 1948, total 3,853,307-09 bushels.

3. There is an over-all limitation on the exportable quantity, but no applications for barley export permits by authorized dealers, shippers or exporters have been refused since the authorization was granted on April 1.

CANADIAN ARMED FORCES—CONVICTIONS FOR MILITARY AND CIVIL CRIMES

Mr. PROBE:

1. How many convictions of members of the permanent force—army, navy and air force have there been in the years 1946 and 1947 for crimes punishable by military law?

2. How many convictions have there been for crimes punishable by civil law?

3. In how many of these cases have the persons involved been dismissed from the service?

Mr. LAPOINTE: As the active defence forces were reconstituted on the 1st October, 1946, the period covered by the following reply includes period from 1st October, 1946 to 31st December, 1947.

1. By courts martial: navy, 11; army, 86; air force, 32.

2. By civil authority: navy, 199; army, 52; air force, 90.

3. As a result of sentence by courts martial: navy, none; army, 3; air force, 4.

As a result of conviction by civil power: navy, none; army, 40; air force, 11.

*INTERNATIONAL TRADE FAIR—CHARGES FOR ELECTRICAL WORK

Mr. CHURCH:

1. Have complaints been received from exhibitors at the international trade fair in Toronto as to overcharges for electrical work in the booths, or for other services?

2. If so, who were the exhibitors making such complaints?

3. Who were the auditors in charge?

4. What action does the government propose to take in connection therewith?

Mr. McILRAITH: There have been complaints from a number of exhibitors concerning overcharges for electrical installations in the booths. These were individual contracts made between the exhibitors and the electrical contracting firm. The trade fair authorities have no financial responsibility for them.

[Mr. Winkler.]

As soon as this situation was called to the attention of the trade fair officials, however, they immediately discussed the matter with the electrical firm, who pointed out that there were over 1,000 accounts and their accounting department were not able to cope with the situation. There were some unfortunate discrepancies. The firm is most anxious to make the necessary adjustments, and the exhibitors have been assured that their interests will be protected and appropriate adjustments will be made.

SALARIES ACT

INCREASE IN SALARY OF LIEUTENANT GOVERNOR OF PRINCE EDWARD ISLAND

Right Hon. W. L. MACKENZIE KING (Prime Minister) moved that the house go into committee at the next sitting to consider the following resolution:

That it is expedient to bring in a measure to amend the Salaries Act so as to provide an increase in the salary of the Lieutenant Governor of Prince Edward Island from $7,000 to $8,000.

He said: His Excellency the Governor General, having been made acquainted with the subject matter of this resolution, recommends it to the consideration of the house.

HOUSE OF COMMONS

SATURDAY SITTINGS

Right Hon. W. L. MACKENZIE KING (Prime Minister) moved:

That on Saturday, the 19th June, 1948, and every Saturday thereafter until the end of the present session, the house shall meet at 11 o'clock a.m., and the order of business and procedure shall be the same as on Fridays.

He said: May I say in regard to this motion, Mr. Speaker, that it has been presented to the leaders of the various parties and has been approved by all of them. I hope therefore it will carry unanimously.

Mr. SPEAKER: Is it the pleasure of the house to adopt the motion?

Mr. FLEMING: On division.

Mr. GILLIS: On division.

Mr. MacKINNON: Carried unanimously.

Motion agreed to.

FLOOD CONDITIONS

FRASER VALLEY—QUESTION OF FINANCIAL ASSISTANCE—DREDGING AND OTHER HEAVY EQUIPMENT

On the orders of the day:

Mr. G. A. CRUICKSHANK (Fraser Valley): I wish to direct a question to the Prime Minister. Will an announcement be

made as to the financial assistance to be given to the Fraser valley flood victims?

Right Hon. W. L. MACKENZIE KING (Prime Minister): I mentioned yesterday that I would shortly be making a further statement in regard to the flooding in the Fraser valley. I cannot say to my hon. friend on what particular day I can give him the information he desires, but a statement will be made as soon as possible.

Mr. CRUICKSHANK: I am afraid I shall not have an opportunity until we go into supply to make a speech, but I will definitely make one then. I will take this opportunity to say something in which I know the Prime Minister will be interested. I have here a picture of a house; I did not own it, but I lived in it for three years. This picture was taken just before the flood reached its peak.

I should like now to direct a question to the Minister of Public Works. What steps have been taken to secure large dredging and other heavy equipment to rebuild the Fraser valley dikes and reclaim the damaged land?

Hon. ALPHONSE FOURNIER (Minister of Public Works): The government is considering the question of dredging and rebuilding the dikes on the Fraser river. I understand that a commission was formed by the diking commission within British Columbia, with engineers representing the province and the federal government. As soon as conditions permit, we expect to proceed with the work.

Mr. CRUICKSHANK: That is not the question I asked, Mr. Speaker. I asked what steps had been taken to secure large dredging and other heavy equipment. It may require to be brought in even from Europe. The public of the Fraser valley and British Columbia are not satisfied with answers such as those that have been given now.

CATTLE

REQUEST FOR STATEMENT WITH REGARD TO LIFTING EMBARGO

On the orders of the day:

Mr. J. A. CHARLTON (Brant): I desire to address a question to the Acting Minister of Agriculture or to his parliamentary assistant. In view of the uncertainties created by statements in the press as to the lifting of the embargo on beef cattle, is the government yet prepared to make a statement clarifying this matter?

Mr. ROBERT McCUBBIN (Parliamentary Assistant to the Minister of Agriculture): I have taken note of the question that has been asked by the hon. member for Brant. He can rest assured that when an announcement is made, it will be made in the interests of all concerned.

Mr. KNOWLES: Put him in the cabinet.

Mr. DIEFENBAKER: I should like to direct a supplementary question to the parliamentary assistant to the Minister of Agriculture, who has given a delightful answer to a question about the removal of the embargo on cattle. A copy of the *Financial Post* has just been handed to me, which says that the government will delay decision on lifting the cattle export ban until after the Saskatchewan election and until after the House of Commons adjourns. Is there any basis for the statement contained in this paper?

Mr. McCUBBIN: I have not seen the article mentioned by the hon. member for Lake Centre, but the government will announce their decision, irrespective of any provincial election, whenever they deem it in the best interests of the country.

ALASKA

PRESS REPORT AS TO BUILDING OF RAILWAY FROM UNITED STATES

On the orders of the day:

Mr. G. K. FRASER (Peterborough West): I should like to address a question to the Minister of Trade and Commerce, or to the appropriate minister. Will the minister make a statement in regard to an announcement in the press to the effect that the United States desire to build a railway from their border up to Alaska, and the part Canada is to take in it?

Right Hon. C. D. HOWE (Minister of Trade and Commerce): To the best of my knowledge, Mr. Speaker, the government has no information of any project of the kind.

Mr. IRVINE: I intended to ask the same question, Mr. Speaker.

LABOUR CONDITIONS

SEAMEN'S STRIKE ON INLAND WATERS

On the orders of the day:

Mr. CLARENCE GILLIS (Cape Breton South): May I inquire from the Minister of Justice if he is in a position this morning to answer the question I asked him yesterday?

Right Hon. J. L. ILSLEY (Minister of Justice): I made inquiries, Mr. Speaker, with regard to the situation my hon. friend from Cape Breton South mentioned yesterday. There is a newspaper dispatch indicating that

boats will be armed, but how much reliance is to be placed on that statement of intention, I do not know. In the meantime, the division of jurisdiction to which I referred yesterday will be maintained. The federal police will protect federal government property and do their best to prevent trespassing on federal government property and to maintain order on it. Naturally there will be some co-operation between the federal police and the provincial police. But essentially the division of jurisdiction well established by practice will be maintained in the future as it has been in the past, and the federal police will confine their duties to the field I have mentioned. That will be the case until they are requested by the attorney general's department of Ontario to do something further. At that time the request will be given consideration.

Mr. MacINNIS: I should like to ask the minister a supplementary question. Whose responsibility will it be if the companies decide to arm the crews on their ships? Will that be legal under the laws of Canada, and if it is not legal, whose responsibility will it be?

Mr. ILSLEY: The responsibility for the maintenance of order lies with the provincial authorities, not with the federal authorities. As my hon. friend knows, sometimes the provincial authorities find that the situation is a little bit beyond their capacity to deal with, in which event they ask for federal assistance. When that is done, consideration is always given to their request.

Mr. MacINNIS: I should like to direct a question to the Minister of Labour. Press reports this morning indicate that a request has been made to the government to put a controller in charge of the ships involved in the strike. Is the minister prepared to make a statement?

Hon. HUMPHREY MITCHELL (Minister of Labour): I make the statement that the government has no power to take over any industry at the present time. We had that power under the War Measures Act, as my hon. friend will remember. I would express the personal opinion that governments should not be in business and take over industry to show our communist friends how to run this country without a House of Commons. That is no reflection on my hon. friend.

Mr. MacINNIS: They will soon be taking you over.

[Mr. Ilsley.]

SALMON FISHERY

PROHIBITION OF EXPORT OF FROZEN SOCKEYES, PINKS AND CHUMS

On the orders of the day:

Hon. ROBERT W. MAYHEW (Minister of Fisheries): I wish to refer, Mr. Speaker, to a matter of significant importance to the salmon fishing and processing industry of British Columbia.

It will be recalled that the government has been concerned since last fall with the situation facing the salmon canning industry in 1948, as a result of the withdrawal of export controls on certain species of salmon. To give effect to the representations of the fishermen, co-operatives, and canners, the government announced, on April 8, that effective as of that date British Columbia fishermen would be permitted to export, without restriction, raw spring salmon—export of fresh cohoe salmon was also permitted, but only up to September 1 of this year—and that fresh sockeyes, pinks and chums would be retained in Canada for processing.

It was indicated at the time that the policy of the government sought to retain for processing in Canada those species of salmon normally canned and that the plan was a compromise between the different interests; further, that the plan indicated flexibility in the event of changing conditions.

From information received during the past few weeks from the Pacific coast, it appears evident there is a distinct possibility that large quantities of sockeyes, pinks and chums will be frozen and exported, thus defeating the original plan. This would have had the effect of depriving the canning industry in British Columbia of considerable quantities of raw material, which would result in curtailed operations and loss of direct employment in the canneries, and indirectly cause loss to many ancillary industries.

In view of these changed conditions it has been found desirable and necessary for the government to extend its policy of affording safeguards to both fishermen and management in the salmon canning industry of British Columbia. Accordingly, an amendment has been made to order in council, P.C. 1521, effective immediately, that sockeyes, pinks and chums in a frozen condition will not be permitted to be exported. However, after September 1 of this year frozen chums may be exported.

The combination of the two plans will, I am informed, be quite acceptable to both the fishermen and the operators in British Columbia. It will have the effect of giving additional

force to the submissions of the fishermen, co-operatives and operators, namely the retention in Canada for processing of species of salmon which normally are canned. At the same time, the normal export trade in fresh spring and cohoe salmon will be unchanged; likewise in the case of frozen cohoes and fall-caught chums after September 1, the normal past trade will not be interfered with.

Mr. PEARKES: May I direct a question to the Minister of Fisheries? It was very difficult to hear his announcement in this end of the chamber. I understand that the export of raw and frozen salmon is no longer permitted. Have contracts been signed between the fishermen and the packers on these terms?

Mr. MAYHEW: So far as I know, no contracts have as yet been signed between the fishermen and the packers. The announcement I made today will further protect both the fishermen and the packers.

Mr. ARCHIBALD: I should like to ask the Minister of Fisheries a question. Will the export of frozen chums be on the quota basis under this change of policy? Is there also a change in policy so far as the export of raw fish livers is concerned?

Mr. MAYHEW: There is no change of policy in this announcement. All the policy does is to prohibit the export of frozen fish which in the fresh state is ordinarily intended for canning purposes.

Mr. ISNOR: In view of the statement made by the Minister of Fisheries regarding west coast fisheries, will he consider the elimination of the clause relating to the moisture content of codfish on the Canadian eastern coast?

Mr. MAYHEW: I shall look into it.

HOUSE OF COMMONS

BASEBALL GAME BETWEEN MEMBERS AND PRESS GALLERY JUNE 16

On the orders of the day:

Mr. DONALD M. FLEMING (Eglinton): May I direct a question to the Minister of National Health and Welfare, who is custodian of the nation's health and well-being? What liniment does he recommend for broken-down baseball players of the press gallery and the House of Commons?

Hon. PAUL MARTIN (Minister of National Health and Welfare): In answer I would say that old men should not play young people's games.

INQUIRY AS TO TABLING OF SUPPLEMENTARY ESTIMATES

On the orders of the day:

Mr. T. L. CHURCH (Broadview): I should like to ask the Minister of Finance when he expects to bring down the supplementary estimates. The house is supposed to close a week from tomorrow.

Hon. DOUGLAS ABBOTT (Minister of Finance): I hope to bring them down not later than the middle of next week.

INQUIRY FOR RETURN—SURRENDER OF INDIAN LANDS ON PIAPOT RESERVE

On the orders of the day:

Mr. JOHN R. MacNICOL (Davenport): On the 20th of May a series of questions of mine on the Piapot Indian reserve were passed as an order for return. This is the 17th of June. It should not take a month to answer these questions. They were all plain and simple. I should like to have an answer.

Hon. COLIN GIBSON (Secretary of State): I shall be glad to look into the question for the hon. gentleman and see whether an answer can be brought down.

COARSE GRAINS

QUESTION OF DATE OF ADDITIONAL PAYMENTS

On the orders of the day:

Mr. G. H. CASTLEDEN (Yorkton): I should like to direct a question to the Minister of Trade and Commerce. In view of the statement reported to have been made yesterday by the Minister of Agriculture (Mr. Gardiner), who is in Saskatchewan, that the supplementary payments of six and eleven cents will be made on oats and barley, when will this house be officially informed of the amount of these payments, and will the payments go forward before June 24?

Right Hon. C. D. HOWE (Minister of Trade and Commerce): I have not seen the statement referred to by my hon. friend. I shall be glad to look it up and consider the situation.

COMMONWEALTH CONFERENCE

INQUIRY AS TO PROGRESS OF ARRANGEMENTS

On the orders of the day:

Mr. GORDON GRAYDON (Peel): May I ask the Prime Minister what progress has been made in the arrangements for the meeting of commonwealth prime ministers in London?

Right Hon. W. L. MACKENZIE KING (Prime Minister): I think I shall have to ask

my hon. friend to allow the Prime Minister of the United Kingdom to answer this question.

Mr. GRAYDON: I did not think the Prime Minister took a back seat to anybody.

BIRTHDAY GREETINGS

MR. LACOMBE—EXPRESSION OF CONGRATULATIONS

On the orders of the day:

Mr. JEAN FRANÇOIS POULIOT (Temiscouata): Today, this 17th day of June, we must acknowledge that it is the birthday of our friend, the hon. member for Laval-Two Mountains. He is a prospective judge. He has been here a long time. He is a gentleman; he is learned in the law, and he is liked by all his colleagues. I wish him a happy birthday, and I congratulate him on his appointment to the bench, which will take place shortly. I wish him the very best.

Mr. MAURICE HARTT (Cartier): I should like to join the hon. gentleman who has just taken his seat in congratulating the hon. member for Laval-Two Mountains on his birthday and wishing him many happy returns of the day, and also on his appointment to the bench. From my point of view and from my experience he was a born judge. I owe him this gratitude because in the last election in Cartier, when he was asked to come and speak for my opponent, he was judge enough to say no, that a Liberal member should be elected for that division. I am also grateful to the Premier of Quebec for having taken the hon. member out of the political arena and placing him in a position where he can show his qualities and his aptitude and his service to the province.

Mr. T. L. CHURCH (Broadview): I join with the hon. gentlemen who have spoken in congratulating the hon. member for Laval-Two Mountains. He will be much missed for his humour and all-round showmanship. I wish him well in his new duties.

LORD'S DAY ACT

AMENDMENTS AS TO LEAVE TO PROSECUTE—REPEAL OF ONTARIO PRE-CONFEDERATION STATUTE

Right Hon. J. L. ILSLEY (Minister of Justice) moved the second reading of Bill No. 344, to amend the Lord's Day Act.

Mr. FLEMING: Before I say a word or two on this subject may I ask the Minister of Justice whether it is his intention to explain the purpose and effect of the bill, and to deal with a question which I think will be of interest to the house, namely, whether there has been—

[Mr. Mackenzie King.]

Mr. SPEAKER: Order. I must ask the hon. members not to interrupt and to maintain silence in the chamber. It is impossible to hear the hon. member for Eglinton.

Mr. FLEMING: I would ask the minister if it is his intention to make a statement now on the effect of the bill, particularly on this question, which I believe at this stage will be of greatest interest to the house: Is this bill introduced at the request of the government or legislature of Ontario, the province chiefly affected?

Mr. ILSLEY: Mr. Speaker, section 1 of the bill has been requested by the government of Quebec, and section 2 by the government of Ontario. The Department of Justice sees no objection to either section, nor do I. Therefore the bill is introduced.

Mr. FLEMING: When were those requests made?

Mr. ILSLEY: During the past twelve months, and I think on more than one occasion. The hon. member for Temiscouata (Mr. Pouliot) has also suggested that section 1 would constitute an important amendment, and one which could be considered desirable. The hon. member wrote me to that effect, and I believe I have correctly expressed his view in the matter.

Mr. POULIOT: Yes. Mr. Speaker, if I am permitted—

Mr. FLEMING: I thought I had the floor.

Mr. SPEAKER: If the hon. member for Eglinton wishes to question the minister, I suggest that he wait until we reach the committee stage.

Mr. FLEMING: I merely asked the minister if it was his intention to make a statement on the bill. He made his statement, and I thought I was to proceed.

Mr. SPEAKER: According to the rules, hon. members may not speak more than once on a second reading. I suggest that if the hon. member has questions to ask, he wait until we reach the committee stage. The hon. member for Temiscouata has the floor.

Mr. FLEMING: On a question of privilege, Mr. Speaker, may I say I did not speak; I simply asked the minister if he would make a statement.

Mr. SPEAKER: Order. If the hon. member wishes to look at the rules of the house he will see that they are as I have stated them.

Mr. FLEMING: May I remind Your Honour of the remarks I made a moment ago.

When I rose to speak on second reading I said that if the minister had a statement to make I was prepared to stand aside, and then to follow him. The minister has made his statement. Shall I not now have the opportunity to speak? What I said should not be considered as a speech on second reading.

Mr. POULIOT: Mr. Speaker—

Mr. SPEAKER: Order. I still believe the hon. member is considered as having spoken, if we are to abide by the rules. If, however, it is the pleasure of the house to give unanimous consent, he may proceed.

Mr. ILSLEY: I agree.

Mr. GRAYDON: There should be no need for unanimous consent. Surely the hon. member only asked a question of the minister. That has been done in the house year after year, session after session, for a long time, as long as I can remember. Surely what the hon. member has said should not be interpreted as a speech on second reading. It has never been done before, and I am sure Your Honour would not wish to create a precedent.

Mr. SPEAKER: I think hon. members would be satisfied to have the hon. member proceed.

Mr. GRAYDON: So long as it is not on the basis of unanimous consent.

Mr. DONALD M. FLEMING (Eglinton): Mr. Speaker, I do not wish to ask any indulgence at all from my colleagues in the house, because I do not believe in doing that. In what I say I shall be brief.

The statement the minister has made clears up the point I had in mind. Section 1 of the bill is of general interest to all the provinces of Canada, while the other section is of particular interest to Ontario. The minister has indicated that the second section is introduced at the request of the government of Ontario. This being so, we can safely leave it to the legislature of Ontario to take whatever course may be considered necessary to fill any gap there may be in the legislative field when the repealing sections of the present bill take effect.

Mr. JEAN FRANÇOIS POULIOT (Temiscouata): Mr. Speaker, if I am permitted I should like to stand by the minister, because I mentioned this matter to him.

Here is what happened. The Lord's Day Act is strict in its terms. It was passed a long time ago. It forbids the sale of canned goods or pop on Sundays. When a complaint is lodged against an accused person for the sale of two cans of tomatoes and two cans of corn niblets, or a bottle of pop, heretofore permission to take action had to be signed by the attorney general himself. He could not delegate his power. This is an imposition on an attorney general, whether he be from Ontario, Quebec, Manitoba or Nova Scotia. Attorneys general are busy men, but under the present provisions of the act they have to do this clerical work. The deputy attorneys general of the provinces could do that work.

I mentioned this matter to the Minister of Justice (Mr. Ilsley) because many attorneys general, including Sir Lomer Gouin, Mr. Taschereau, Mr. Duplessis and Mr. Conant, who were very busy men, found it difficult to see other people at times owing to the fact that they were busy approving complaints for the prosecution of people who had sold canned goods or pop on Sunday. Surely we should have a greater sense of proportion than that.

This is a purely clerical procedure. Attorneys general must trust their deputies sufficiently to have that work done by them. I commend the minister for correcting some of these obsolete provisions in the law for the benefit of the country at large.

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

On section 1—Leave to prosecute.

Mr. DIEFENBAKER: For years the law has been that the consent of an attorney general must be secured as a condition precedent to the commencement of an action. The change made here, as I see it, is a necessary and proper one. I can see no reason why a deputy attorney general should not be able to act in the place and stead of an attorney general in a matter such as this. What was the reason originally given for the requirement that no prosecution could be taken without the consent of an attorney general? It places the administration of the act strictly within the conscience of the attorney general of the province who for the time being occupies that position. It denies or might deny equality of administration and enforcement of the law in all parts of Canada. When the minister is giving his explanation I should like him to say whether or not he considers that the provision requiring the consent of the attorney general in all cases should be abrogated.

Mr. McMASTER: Have requests to attorneys general ever been refused, and, if so, by whom and when?

Mr. ILSLEY: I assume that the reason why some discretion is vested in the attorney general is that some of the offences against the Lord's Day Act might be trivial or might be justifiable in a real sense. I heard of an instance in one of the provinces where a farmer

was prosecuted for doing some farm work on Sunday at a time when almost anyone would say that it was justified. The Lord's Day Act of Canada provides that such prosecution cannot be instituted without the consent of the attorney general. The pre-confederation statute in Ontario does not provide for the consent of the attorney general and therefore such a prosecution could and did take place. As the hon. member for Temiscouata said, some violations might be so trivial that it would be undesirable to place the possibility of instituting prosecutions in the hands of an ill-disposed neighbour or a competitor or something of that kind.

This is one of a set of sections in our law which vests this discretion in the attorney general. There are a number of sections in the criminal code providing that certain prosecutions cannot be instituted without the consent of the attorney general of the province. The principle of those provisions was discussed when I introduced last year the amendment to the criminal code dealing with habitual offenders. The hon. member for Lake Centre may remember that a person cannot be charged with being an habitual offender without the consent of the attorney general of the province. A similar provision was inserted this year in the section dealing with criminal sexual psychopaths, but was deleted at the instance of this house. There are many sections to be found in the criminal code, and perhaps in other statutes of Canada, which vest in the attorney general of the province, and in some cases in the attorney general of Canada, the discretion of preventing prosecution by withholding consent.

Mr. DIEFENBAKER: Are there many prosecutions under the act?

Mr. ILSLEY: I could not give my hon. friend a list of them.

Mr. DIEFENBAKER: There is practically nothing done.

Mr. POULIOT: Oh, yes, there are many hundreds.

Mr. CHURCH: Has the minister had any correspondence with the province of Ontario as to this bill, and who asked for it? I agree that there should be a repeal of the pre-confederation statute. The Lord's Day Act contains many provisions with regard to what should not be done on the Lord's day. By this Bill No. 344, the federal government is divesting itself of all control over the Lord's day. We are going through difficult days. It is the 108th day of the session before this important bill is brought before the house.

Our proceedings for the past ten days have shown the need of a committee to consider

legal bills of this kind. They have had such committees in a number of the provinces for years. These legal bills are being brought up in the dying days of the session, and such a committee could hear deputations on important bills of this kind. When this matter came up in our city some years ago with regard to Sunday street cars a vote of the people was taken. I do not know how they got along in those days without cars; they certainly could not get along today without them.

I look on this bill as divesting the federal authority of all control over the day of rest. It is now being left to the attorneys general of the provinces or the deputy attorneys general of the provinces. The deputy attorney general is a ministerial officer who carries out the instructions of his minister. In some provinces they have wide open Sundays when you can do anything you like.

I believe this is a local question. In our own city they recently opened up the parks on Sunday. Some people are for it and some are against it. This is a question which should be left to the people to decide. I do not think the federal government should divest itself of all control over this statute. The attorney general of Ontario represents the riding of the hon. member for Eglinton.

I believe that this is a local question and that the federal government should not turn over the execution and administration of this act to the provinces. It is being left to the attorneys general or the deputy attorneys general of the provinces, and their consent is necessary to prosecute. You are going to have nine different views as to what should be done across Canada. There should be some federal contribution with regard to these legal matters. We do not enforce any federal laws. The enforcement is a matter for the provincial attorney general, who just turns it over to the local municipal police. They get nothing for it. There are hundreds of thousands of orders in council, we are passing statutes every day and when the deputy attorney general of the province says so, the municipal police are supposed to act.

The time has come when we should either administer and enforce the federal laws or give grants to the municipalities to do these things. I believe the matter of Sunday observance is something to be decided by the people in the local communities. On the 108th day of the session we have ceased to function in such matters as are dealt with in this bill, under our committee system. No deputations have been heard on this matter, and I believe they should have been heard before this important amendment passes the House of Commons.

Mr. FLEMING: The minister indicated that section 1 was being introduced at the request of the government of the province of Quebec and section 2 at the request of the government of the province of Ontario. Were other governments consulted about other sections?

Mr. ILSLEY: No, they were not. It would have been more accurate if I had said, at the request of the attorney general of the province of Quebec and at the request of the attorney general of the province of Ontario. I have no reason to think that the request was embodied in any privy council minute or order in council of those provinces. The attorney general of Quebec would like the first section passed, and the attorney general of Ontario would like the second section passed. The other provinces were not consulted.

Mr. FLEMING: I cannot see that there is anything very serious involved in the first section. I understand that after section 16 came into force there were some who thought for a time that leave could be given in the name of the attorney general of the province by the deputy attorney general. It was not until 1910 that the point was determined by the Supreme Court of Canada in re Criminal Code, 43 Supreme Court Reports, 434, that the leave contemplated by section 16 could not be given by the deputy attorney general of the province. The change now embodied in section 16 seems to be reasonable and not very important.

Mr. POULIOT: The act could be entitled an act for the relief of the attorneys general.

Section agreed to.

On section 2—Repeal.

Mr. DIEFENBAKER: I sent out to get the statute that is being repealed, and it is a most interesting act, passed in Britain in 1781. Why we should be repealing that act I do not know, nor can I see what application it has to present-day conditions. Perhaps I might read the preamble, which is in old English:

> Whereas certain houses, rooms, or places, within the cities of London or Westminster, or in the neighbourhood thereof, have of late frequently been opened for public entertainment or amusement upon the evening of the Lord's day, commonly called Sunday; and at other houses, rooms, or places, within the said cities, or in the neighbourhood thereof, under pretence of inquiring into religious doctrines, and explaining texts of holy scripture, debates have frequently been held on the evening of the Lord's day, concerning divers texts of holy scripture, by persons unlearned and incompetent to explain the same, to the corruption of good morals, and to the great encouragement of irreligion and profaneness; be it enacted by the King's Most Excellent Majesty, . . . that, from and after the passing of this present act, any house, room, or other place, which shall be opened or used for public entertainment or amusement, or for publicly debating on any subject whatsoever, upon any part of the Lord's day called Sunday, and to which persons shall be admitted by the payment of money, or by tickets sold for money, shall be deemed a disorderly house or place.

It provides that the penalty shall be £100. I cannot see how this act applies to Canada, because it has particular reference to the cities of London and Westminster and in the neighbourhood thereof.

Mr. ILSLEY: The local references are only in the preamble.

Mr. DIEFENBAKER: It also provides for forfeiture and the like. Has this act been in effect, and is there any authority for it?

Mr. ILSLEY: I did not pay much attention to these pre-confederation statutes. I presume that by an act, perhaps an act passed about 1790 or 1791, the law of England was brought into and became part of the law of Upper Canada. I doubt whether this old English act is part of the law of any of the other provinces. I do not know about that; it is a very interesting line of inquiry. But the principle of this bill is to make only the Lord's Day Act of the Dominion of Canada apply in the province of Ontario, and therefore the provisions of pre-confederation statutes did not concern me very much. Another statute, one other than the British statute to which my hon. friend has referred, is repealed by this bill, and that is an act of Upper Canada, 1859, which I presume would not be quite as archaic as the one to which my hon. friend referred.

Mr. CHURCH: As I understand it, chapter 21, George III, 1781, was amended by the statute known as the Constitutional Act of 1791, which amended all imperial statutes. The act referred to by the hon. member for Lake Centre, chapter 21 of George III, 1781, was amended in the two provinces and only so much of the British law was adopted as was applicable to our circumstances in Canada. Is that not correct?

Mr. ILSLEY: It may be that that is so. I have not looked at the textbooks on these questions for I think thirty years. But the general principle as I remember it—I may simply be revealing my own ignorance—is that in the common law provinces the common law of Great Britain applies unless it is clearly inapplicable. The statutory law also applies unless it is clearly inapplicable. The Constitutional Act brought in, if my memory is correct, certain parts of the statute law of Great Britain, and apparently it did bring in

this act preventing the profanation of the Lord's day. The principles would be as applicable in Ontario, I assume, as they would be in the neighbourhood of Westminster, and the act was probably brought in as part of the law of Ontario.

Mr. DIEFENBAKER: Is the minister expressing any views of the government on this subject?

Mr. MACDONNELL (Muskoka-Ontario): I regard Sunday observance as a very important part of the law, though I do not hold the extreme views on Sunday observation that some people do. I want to ask this question. Are we not by this bill repealing what is a substantial part of the law of Ontario now with regard to Sunday observance, or is the bill repealing only something which is archaic and no longer applicable? The member for Lake Centre has read an amusing extract from the British statute. There may be others which are not so amusing or so archaic. But my question is—and I regard it as important: does this bill make a substantial change with respect to Sunday observance in Ontario, and if so, are we not doing it rather lightly?

Mr. ILSLEY: By this act the control of prosecutions is being vested in the attorney general of Ontario. Under pre-confederation statutes spiteful neighbours or ill-disposed competitors or any other members of the public could lay charges for offences no matter how trivial, and nobody could stop them. Now by the Lord's Day Act the attorney general has some control over prosecutions. All that this bill does is to put Ontario in the same position as every other province in Canada except Nova Scotia. In Nova Scotia there is an unrepealed pre-confederation statute, and if the attorney general of that province requested us to introduce a bill to repeal that statute, consideration would be given to his request just as it was given to the request of the attorney general of Ontario. The attorney general of Ontario saw me personally in this matter and requested that this act be passed.

My hon. friend asks whether there is any substantial loosening of the control over activities on the Lord's day. That is a hard question to answer, but there would not seem to be anything very serious here, because the code in Ontario will now be the code that is in existence in every province of Canada, with the exception of Nova Scotia, that is to say, the Lord's Day Act. In Nova Scotia there is, in addition to the Lord's Day Act, the pre-confederation statute to which I have referred.

In the Lord's Day Act itself power is given to the legislature of every province to authorize certain activities, and it might very well be that the province of Ontario was bound by these pre-confederation statutes to a greater extent than it will be bound by the Lord's Day Act of Canada. But I doubt whether there is anything very serious about that. In any event, if there is any authorization in Ontario in respect of activities in the future on the Lord's day, it must be by action of the legislature of that province, and within the limits set out in the Lord's Day Act itself.

Mr. FLEMING: Mr. Chairman—

Mr. CHURCH: May I ask the minister to answer the question I asked?

The DEPUTY CHAIRMAN: The hon. member for Eglinton has the floor.

Mr. ILSLEY: The hon. member for Broadview did ask a question a while ago.

Mr. CHURCH: What are we in committee for if we cannot get an answer?

The DEPUTY CHAIRMAN: I would point out to the hon. member that I am trying to have discussion directed from all parts of the chamber.

Mr. ILSLEY: The hon. member asked me whether the government has any views on the observance of the Lord's day. I am very accommodating, many people think too much so, in airing my personal views, but I do not think they are relevant to this bill.

Mr. CHURCH: I look on this measure as simply establishing an open Sunday for the whole of Canada. There is no enforcement of the law in Canada. It is left to the attorney general or the deputy attorney general of the province, which means that by this bill there is no federal authority in the enforcement of the act. This is the only statute which is left to the provinces for enforcement. Why does not the federal authority enforce its own federal laws? Why is this act singled out as the only federal statute which the provinces directly must enforce? I say to the minister, why do you not enforce all other federal laws?

Mr. FLEMING: I sought to take part in the debate a few minutes ago in an endeavour to answer one or two questions which had been raised. The hon. member for Lake Centre raised the question whether the imperial act of 1781 is in effect in Ontario. The Ontario courts ruled in 1880 that it was in effect in the province. I refer to the case of Rex *v.* Barnes, 1880, 45 Upper Canada Queen's Bench reports, 276, where that question was raised, and the court determined that the imperial act of 1781 was in effect in the province of Ontario.

I need not weary the committee by reviewing all the stages by which that came about, but it goes back to proclamations of the eighteenth century. The English law as of October 15, 1792, was adopted as the law of Ontario except as repealed, altered, varied, modified, or affected by any act of the imperial parliament still having the force of law in Ontario or any act of the late province of Upper Canada or of the province of Canada or of the province of Ontario still having the force of law in Ontario. That is the law of Ontario today, as set out in the Ontario statutes. Historically the laws of England, civil and criminal, were supposed to be introduced into Canada by royal proclamation of October 7, 1763. The criminal law was not displaced by the Quebec Act of 1774, 14 Geo. III chapter 83, but was continued in the province of Upper Canada. The legislature of the province, by the act of 1792, 32 George III, chapter 1, provided that in matters of property and civil rights the laws of England should prevail. In 1800, apparently for greater caution, the act 40 George III, chapter 1 (Upper Canada) provided that "the criminal law of England as it stood on the 17th day of September, 1792", should be the criminal law of the province. The date September 17, 1792, was the date of the first of the legislature in that year; and, according to the existing law, the statutes of the session took effect as of the first day of the session.

That is how this old act of 1781 came to be part of the law of Upper Canada, and that was not changed by the Constitutional Act of 1841. When confederation became effective, no right was reserved to the new provincial legislature to modify the old pre-confederation law.

The hon. member for Muskoka-Ontario raised the question whether this is a matter of substance or not. I think a word might be said further on that. The fact is that the legislature of Ontario some years after confederation sought to pass legislation on the subject of Sunday observance. That legislation incidentally is in many respects comparable in terms to the old imperial legislation. This act to which I am referring was enacted in the reign of Queen Victoria, and it was carried forward into the Revised Statutes of Ontario, 1897, chapter 246.

The test of the jurisdiction of the provinces went to the privy council in the year 1903 in the case of the Attorney General of Ontario *v.* the city of Hamilton Street Railway, 1903 Appeal Cases, pages 524. The privy council determined that the provincial legislatures had no power to pass such legislation, holding that the law with respect to Sunday observance falls within the jurisdiction of parliament to legislate in respect of the criminal law; and consequently, the legislature of the province of Ontario has had no general jurisdiction over Sunday observance except in so far as scope is given to the legislatures of the provinces by the federal statute, the Lord's Day Act.

The statute that is now being amended is the Lord's Day Act, chapter 123 of the Revised Statutes of Canada, 1927. In taking the step that is involved in section 2, it does not seem to me that anything is being done that need give any member of the house reason for pause. The principal law of this country with reference to Sunday observance is today, and will continue to be under the bill before us, the federal statute, the Lord's Day Act. For more than a generation the enforcement of the act has been left by federal legislation in the hands of the attorneys general of the provinces.

Having regard to the fact that there is considerable divergence of usage in the matter of Sunday observance in different parts of Canada, I do not see what serious objection should be raised to the principle of section 16 of this act, that enforcement should be left largely in the hands of the provinces. The attorneys general of the provinces, as the chief law enforcement officers, are the persons, in my opinion, best qualified to take responsibility in matters of enforcement of the Lord's Day Act. In enacting this present bill it seems to me that we are not displacing any substantive law that is vital today. We are simply removing legislation that would not be enforced today by any attorney general in any province. We are bringing our laws in some measure up to date.

Mr. McMASTER: During the past fifty years we have seen the executive taking over the powers of legislation, practically taking unto themselves power to introduce nearly all our legislation and to force their followers to vote for it. Now they are going into the judicial sphere, the third main branch of our government. It is true that for some time the consent of the attorney general has been required. But there is no doubt that clause 2—and I think that is the clause with which we are dealing now—

The DEPUTY CHAIRMAN: Yes.

Mr. McMASTER: —is intended to keep in the hands of the attorney general of Ontario at least, because it is the only province to which it refers, the power to decide when a prosecution is to be instituted with regard to

the desecration of Sunday. Every argument used by the Minister of Justice as to prosecutions under the Lord's Day Act could be equally applicable to any other act. That is, anybody who thinks that anyone else has broken the law of the country can institute a prosecution, and it is only proper that he should. If the magistrate thinks that the act is one which does not justify prosecution, he can refuse to allow an information to be laid or if the matter goes on and it is found that it was instituted in a manner that was blameworthy, it may be a matter of malicious prosecution.

I submit again that every argument advanced by the Minister of Justice for the passage of this act is equally applicable to any other prosecution under the criminal code. I do not think we should pass this bill. I do not think the attorney general of each province should be the arbiter of what prosecution should be instituted.

Attorneys general change. The attorney general is a part of the executive. This is just carrying on this principle to which we have been objecting in this house on many occasions, that the executive has taken charge of the government of this country, and that the people, and even parliament, are being pushed aside. I shall oppose this bill.

The DEPUTY CHAIRMAN: Shall the clause carry?

Mr. McMASTER: On division.

Section agreed to on division.

Title agreed to.

Bill reported.

Mr. ILSLEY moved the third reading of the bill.

Mr. SPEAKER: Is it the pleasure of the house to adopt the motion?

Mr. McMASTER: On division.

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

INDUSTRIAL RELATIONS

INVESTIGATION, CONCILIATION AND SETTLEMENT OF INDUSTRIAL DISPUTES

Hon. HUMPHREY MITCHELL (Minister of Labour) moved that the house go into committee on Bill No. 195, to provide for the investigation, conciliation and settlement of industrial disputes (as amended).

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

Section 1 agreed to.

[Mr. McMaster.]

On section 2—Definitions.

Mr. WINKLER: I should like to move an amendment to subparagraph (ii) of paragraph (i) of subsection 1 of section 2. That paragraph reads as follows:

(ii) A member of the medical, dental, architectural, engineering or legal profession qualified to practise under the laws of a province and employed in that capacity . . .

The result of the amendment would be merely to add the word "dietitian". There are in Canada some 650 trained dietitians who are united in an organization called the Canadian Dietetic Association. Two or three weeks ago they met in Montreal and passed certain resolutions, and it was unanimously requested that they be excluded from the operation of this act along with those other professional people mentioned. I do not wish to misinterpret or give incorrect information as to what the reasons were for refusal by the committee on industrial relations; but if I am correct, it was largely because if dietitians were brought into the section the committee felt they would also have to include nurses. Rather than carry that idea into effect, they decided not to include dietitians.

The dietitians wrote to the committee on industrial relations on May 17 of this year. I have in my hand a copy of their letter, and I should like to read merely the opening and closing paragraphs. The opening paragraph reads as follows:

The Canadian Dietetic Association strongly urges that dietitians should be included with those other professional groups such as the medical, dental, architectural, engineering and legal professions, the members of which are excluded from the definition or "employees" under the terms of paragraph 1, section 2 (i) 2 of Bill No. 195 presently under consideration by your committee and this for the reasons hereinafter set forth.

Then they set forth a number of reasons and the concluding paragraph reads:

For the foregoing reasons, the Canadian Dietetic Association submits that your committee should accede to the present request and amend Bill No. 195 so as to establish clearly that dietitians are excluded from the operation of the act as is the case with members of other professions whose training requirements and the scope of whose work are on a similar level.

The reason submitted by the committee was, I understand, a purely negative one. Had this been the United States of America, where similar legislation operates under the Taft-Hartley Act, the request would have received a positive interpretation. I have before me a synopsis of U.S. 3020, which is from the

Taft-Hartley Act, and I should like to quote these positive reasons:

Term "professional employee" means (S2 12):
(a) any employee engaged in work.
(i) predominantly intellectual and varied in character as opposed to routine, mental, manual, mechanical or physical work;
(ii) involving the consistent exercise of discretion and judgment in its performance.
(iii) of such a character that the output produced or the result accomplished cannot be standardized in relation to a given period of time;
(iv) requiring knowledge of an advanced type in a field of science or learning customarily acquired by a prolonged course of specialized intellectual instruction and study in an institute of higher learning or a hospital, as distinguished from a general academic education or from an apprenticeship or from training in the performance of routine mental, manual or physical processes; or
(b) any employee, who:
(i) has completed the courses of specialized intellectual instruction and study prescribed in clause (iv) of paragraph (a), and
(ii) is performing related work under the supervision of a professional person to qualify himself to become a professional employee as defined in paragraph (a).

I maintain that if this proposed amendment carries it will not prejudice the position of any of those who wish to be included in this section, or of those who desire not to be included. As an organization, the dietitians maintain that they are professional people. They had a certain dignity which they wish to have recognized, and they are anxious to be placed in a position where they may command the respect of other professional people. For these reasons, and especially because of the positive request which they make, which in my opinion would not prejudice any professional group, I move, seconded by the hon. member for Prince:

That section 2, subsection 1, paragraph (i), subparagraph (ii) be amended by inserting the word "dietitian" immediately after the word "medical."

Mr. MITCHELL: I think I should say right away that I cannot accept the amendment.

An hon. MEMBER: Why?

Mr. MITCHELL: To begin with, if the bill is amended it should be after consideration. This is one of the requests which have come in later. Federally we have not much jurisdiction. Dietitians come under the law of the provinces. They do not stand in the same class as the professions of engineering, architecture, dentistry, medicine and the like. I should think that if an amendment of this kind were necessary it should be done by the provinces where the jurisdiction lies.

May I say to my hon. friend that I am not greatly impressed by quotations from the Taft-Hartley measure; I am not greatly impressed by the words "dignity" or "intellectual." All the brains or intellect are not on one side of the street. I think we would be well advised to keep the section just as it is. If necessary we can take another look at it later in the light of the circumstances as they develop. I think that is the best course to pursue.

Mr. FRASER: Why in the first draft of the bill that was sent out—

The DEPUTY CHAIRMAN: Is the hon. member dealing with the amendment?

Mr. FRASER: No.

Mr. MITCHELL: Let us deal with the amendment.

The DEPUTY CHAIRMAN: Shall the amendment carry?

Mr. MacINNIS: I am happy to be able to support the Minister of Labour in this matter. There are too many exclusions already, and I do not believe we should add any more. Later on I am going to move an amendment to the same section to restore something that was deleted.

As the minister pointed out, if the provinces adopt this bill as it is, or with modifications, as their labour code, they can insert or leave this profession out, as the case may be. We are unduly restricting those who may be included in this section.

Mr. SKEY: As was pointed out in the committee, this section is so worded that difficulties similar to that of the dietitians are bound to arise and will continue to arise. There is already before the government the case, I believe it is, of the chemical engineers. The government should consider the redrafting of this section so that there will not be continuous applications from any number of groups to be included as professionals. This situation will continue so long as the section reads the way it does. It seems to me it might have been much better to leave out subparagraphs (i) and (ii) of paragraph (i) and say: "'employee' means a person employed to do skilled or unskilled manual, clerical or technical work", and leave it at that. That would be much better than to have a section in the bill which would be a constant cause of friction.

Amendment (Mr. Winkler) negatived.

Mr. MITCHELL: I have an amendment to make to subparagraph (i) of paragraph (i) of subsection 1 of section 2. I move that after the word "capacity" the words "in matters relating to labour relations" be reinstated.

Mr. CROLL: The bill that we have before us was printed on April 6. The amendments that were made in committee are not included in the new bill which was handed out today. Will the minister, in each case, give us the amendments made by the committee so that we shall know exactly what we are dealing with? The minister is now moving to reinstate words which are in the bill as it is before us. Perhaps the committee of the whole does not know that they were struck out by the committee which considered the bill. If the minister would do that, it would be useful.

Mr. KNOWLES: Or the chairman could point it out.

Mr. CASE: We should have copies of the amendment.

Mr. MITCHELL: The subparagraph reads:

A manager or superintendent, or any other person who, in the opinion of the board, exercises management functions or is employed in a confidential capacity . . .

The committee struck out the words "in matters relating to labour relations." I am moving that these words be put back in.

Mr. ADAMSON: This matter was discussed in the committee and the amendment was carried by the committee. The government is reversing the decision of the committee in this matter. The committee approved the deletion; why has the government changed its mind?

Mr. MITCHELL: There was general agreement on the definition of "employee" prior to its going to the committee. I have expressed this opinion before. We have had a great deal of difficulty with the language of this section. Wherever it has been drafted there has always been difficulty. In human institutions you have to place a measure of trust in the people whom you appoint to a board. I am convinced of this, and I know that my legal friends will agree with me. Where you have a board made up of individuals such as we have, and as they have in several provinces, representative of industry and labour, with an impartial chairman, the conclusion reached was that this was about the best language that could be used in the circumstances. There has been no serious objection to it. If we attempted to draft a bill which included what everyone wanted it would be a poor looking document.

So far as I know we have had no difficulty in the national board, nor do I know of any serious difficulties in the provincial boards. They have decided who was an employee within the meaning of P.C. 1003. After the study we gave the matter I am convinced that no serious difficulty would arise in connection with the definition of "employee."

[Mr. Mitchell.]

Perhaps I might give an example. On the railways are section foremen who have been members of trade unions for the last fifty years. The conductor on a train has complete control, because he has charge of the train. He takes and gives orders. Then, in a small industry you may find someone who is called a foreman, and whose position would be the equivalent of a superintendent or executive in a larger industry. The only rule one can lay down is the rule of common sense as applied to the industry concerned. The language must be broad enough to enable it to be properly interpreted by men of intelligence. I know we have such men on the national board, and I can say we also have them on the provincial boards. In the light of the language of the section I am prepared to accept their judgment in the matter.

Mr. ADAMSON: These words were not in P.C. 1003, and I understand it worked satisfactorily so far as the definition of employee is concerned. I have felt, and I still feel, that this would place a restriction on the powers and judgment of the board, because it is confining and restrictive. That is the reason I was opposed to it in committee.

Mr. MacINNIS: Here again I am glad to be of the same mind as the Minister of Labour. I had prepared an amendment restoring these words to the section, but I am glad I did not have to move it. I know that in the house the minister's endorsation carries much more weight than mine. Two of the central labour bodies are anxious to have this section remain as it was originally drafted. The minister shows good judgment in taking action to restore the bill to its original form, and I am pleased to support it.

Mr. SKEY: I share the minister's hope that the section may operate as well as he expects. However, I find myself slightly confused by his argument, because all he said about common sense and broad language if taken logically would apply equally to the deletion of these words so as to permit the board to operate without being confined. If he wishes to trust the board, as he has said, and not to bind it too closely, his argument is certainly more effective for the deletion of the words than for their inclusion.

Mr. MITCHELL: The language is based upon the board's experience in the administration of P.C. 1003. That was their general approach to the problem in connection with the definition of "employee".

Mr. SKEY: The hon. member for York West has pointed out that they were not in P.C. 1003.

Mr. MITCHELL: But it was the practice in matters related to labour relations. That is the way the board approached the matter. Let me say this about the national board, that I do not know a better one—and what I say applies equally to employers and employees. I do not know of an abler board, and I have known the members personally since I joined the ministry, and before. I believe the interests of employers are well protected by men like Mr. Harry Taylor, Mr. E. R. Complin, Mr. A. J. Hills, and Mr. Albert Deschamps, as are those of employees by Mr. A. R. Mosher, Mr. W. L. Best, Mr. J. A. D'Aoust and Mr. Gerard Picard.

Mr. SKEY: The minister is indeed fortunate to have such a good board, because this legislation will not help them much.

Amendment agreed to on division.

The DEPUTY CHAIRMAN: I draw the attention of the committee to paragraph (r) on page 3, where the committee added the words, "but shall not include any employer-dominated organization."

Mr. MacINNIS: I have something further to say on section 2(1) (i) (ii). As the subparagraph was originally drafted, and as it appears in the bill, it read:

(ii) A member of the medical, dental, architectural, engineering or legal profession qualified to practise under the laws of a province and employed in that capacity.

The committee had many representations respecting this section. Most of the discussions dealt with the word "engineering". I move—

That the word "engineering" in the second line of subparagraph (ii) of section 2 be deleted.

In industry today large numbers of employees are described as engineers. While some of these are in a managerial capacity, most of them are ordinary employees in mass production.

Mr. CASE: Since we have no copies of the amendments made in committee, and we have had evidence of the methods employed by the minister to reinstate certain words, would it not be better to deal with the sections as they appear here and then move the amendments from the committee as we go along? We would then have something before us, while under the present plan we do not know what we are doing, because the amendments made by the committee do not appear in the bill.

The DEPUTY CHAIRMAN: I shall read the amendment as moved in committee when each section is called. Hon. members will then have the amendments before them.

Mr. JOHNSTON: We had a lengthy discussion in committee as to whether the word "engineering" should be deleted, and it was decided to leave it in. I agree with the amendment that has been moved, in view of the fact that there are some 1,100 active engineers who desire to come under this legislation. In my view it is wrong to exclude them. I take that view because this is supposed to be labour legislation for all of Canada, and any labour or other group has the right to come under the legislation if it so desires. By leaving in this word we definitely exclude from the benefits of this legislation 1,100 people who consider themselves employees. I take the view that even if a number of doctors employed by companies desire to have the protection of this labour code, they should not be barred from the right to enter into union agreements with the company.

When we include this word "engineering" in the bill we are without question depriving 1,100 employees of the right to enter into agreements with the companies for which they work. In my view that is not good legislation, nor is it sound judgment. If the other engineers do not wish to come under this legislation, they are not compelled to do so; but if this word were taken out it would permit those who desire to come under the legislation to do so. I do not think we should go so far as to compel people to forgo the protection of this legislation, and for that reason I am in favour of the amendment.

Mr. FRASER: When the original draft was sent to the members the word "engineering" had been written in over the top of the word "architectural". Why was that done?

Mr. MITCHELL: The hon. member is speaking of last year's bill. The word "engineering" is in this year's bill. It was put in after representations had been made by representative organizations. I think it is fair to say that in the committee there was more discussion over this word "engineering" than over anything else, and more representations were made about it. After the matter was discussed it was decided that it should remain in the bill.

I do not want to go over all the arguments that were used in the committee. The engineering organizations spoke for the engineers. It is all very well for the hon. member to say that he takes a certain view about doctors, but I think the doctors have a right to speak for themselves. National and other organizations expressed their views, and as a result it was decided that the word "engineering" should remain in the bill.

Mr. GILLIS: I was a member of the committee and heard all the discussions, but a number of members of this house who are now considering this section did not have an opportunity to hear those arguments. I think the matter is of sufficient importance that at least some of the pertinent points should be brought out. I am not going to repeat what was said by the hon. member for Bow River, because I agree with everything he has said.

I would point out that there is nothing compulsory in the bill. If it applied to doctors, lawyers, engineers and what have you, the first thing they would have to do would be to conform with the mechanics of the bill, form a trade union, get certification and all the rest of it. If they did not want to do that, there is nothing in the bill that compels them to.

There are two classifications of engineers. There is the engineer who is an employee, and there is the engineer at the managerial level. In effect the one is the boss of the other. My understanding of the representations that were made for the exclusion of engineers from this bill is that they were made by those at the managerial level. During the war engineers were permitted to form collective bargaining organizations under P.C. 1003 and come within the scope of that legislation.

As the hon. member for Bow River suggested, there are 1,100 employee engineers who have formed collective bargaining organizations and now have collective bargaining agreements with their employers. If we exclude engineers from this legislation we wipe out the bargaining rights of 1,100 people who have said that they want them because they have made collective bargaining agreements under P.C. 1003, which is being replaced by this legislation.

We hear a lot about democracy. I think the employee engineer has as much right to form a unit of his own under the provisions of this bill and to bargain with the employer as the managerial engineer has to say that he does not want to come under it. If he does not want to come under it there is nothing to compel him to come under it unless he goes through the mechanics provided by the bill and forms a collective bargaining organization.

I do not think this house or the committee has the right to say to employee engineers who want the same rights as are given to others under this legislation that they must not continue the arrangements they made under P.C. 1003 and have been working under for the past six or seven years. We have no right to exclude them from this bill, and thus wipe out the agreements they have entered into which have improved their conditions.

[Mr. Mitchell.]

I suggest that the minister give serious consideration to the amendment proposed by the hon. member for Vancouver East and restore democracy to these 1,100 engineers who are already within the scope of the present legislation. They should be permitted to continue. If the remaining strata of the engineering profession want to continue as they are, if they want to keep their professional units outside the scope of this legislation, that is their right. They do not have to come in, but I do not think we have the right to exclude employee engineers who have already shown a desire to come under the legislation. It is too serious a step to take to exclude them now.

Mr. MACDONNELL (Muskoka-Ontario): My general disposition, unless there is some strong reason to the contrary, is to go along with what a committee recommends. There has been very little indication of the reasoning which led the committee to the conclusion that it arrived at. As I recall it, the minister said that we had a good committee and should abide by the results; but he does not always abide by the results. Therefore I think we might ask the minister to make a substantive argument in favour of this.

Mr. MITCHELL: I have always taken the view that you should listen to the representations made by parent organizations. Every provincial institute of professional engineers and the national organization of engineers asked that this be put in the bill. I am thinking at the moment of the doctors in New Zealand and the doctors and dentists in Great Britain and other countries. I think the case made by the engineering institutes was a good one, as were the cases made by the legal societies, the architects and other professional organizations. In my judgment due weight had to be given to their representations.

It may be proved to these organizations and their membership in the light of experience that their judgment was unsound. If so, then will be the time to amend the section. With labour you listen in the main to representations from the national organizations, and similarly with representations from the employers. The representations we received from the organizations and from professional groups which obtained their status as professional men from provincial legislatures were very powerful.

Amendment (Mr. MacInnis) negatived: yeas, 14; nays, 54.

Mr. CROLL: Was there not another amendment to section 2, Mr. Chairman?

The DEPUTY CHAIRMAN: Yes, there was an amendment to add after the word

"employees" in line 6 on page 3 the words "but shall not include an employer-dominated organization". The paragraph if amended accordingly would read:

(r) "trade union" or "union" means any organization of employees formed for the purpose of regulating relations between employers and employees but shall not include an employer-dominated organization.

Mr. SMITH (Calgary West): I want to know why that is being moved, if it is the minister's amendment.

The DEPUTY CHAIRMAN: The amendment was approved by the standing committee.

Mr. SMITH (Calgary West): Then I have nothing more to say.

Amendment agreed to.

Section as amended agreed to on division.

Section 3 agreed to.

On section 4—Employer or employers' organization interference with trade union.

Mr. KNOWLES: Mr. Chairman, I wish to move the same amendment to this clause that I moved when the bill was before the industrial relations committee. I have had a sufficient number of copies of the amendment mimeographed for distribution among the members, so that they will have its terms before them.

May I say at the outset that I understand this amendment is still being considered by the Minister of Labour, and also by the Minister of Transport because of the interest of the railways in its provisions. Therefore I would request, if it is agreeable to the committee, that clause 4 stand until this afternoon so that my amendment may be looked into further. The Minister of Transport intimated to me this morning that he might like to move a subamendment, and it happens to be a subamendment I would be prepared to accept. In other words, Mr. Chairman, without attempting to argue the case just now, I shall move the amendment and have it distributed amongst the members. My suggestion then is that the clause stand until this afternoon or some other time convenient to the minister.

I move, seconded by the hon. member for Vancouver East:

That section 4, subsection 2(b) be amended by changing the period after the word "Act" to a comma, and adding thereafter the following words:

and without restricting the generality of the foregoing, no employer shall deny to any employee any pension rights or benefits to which he would otherwise be entitled by reason only of his ceasing to work as the result of a lockout or strike or by reason only of dismissal contrary to this act.

I would be prepared, Mr. Chairman, to proceed with my argument, but I think you will recognize from what I have said that it would perhaps be better to let the clause stand until the afternoon.

The DEPUTY CHAIRMAN: I think that would meet the wishes of the committee. I would point out to the members that in committee a seconder of an amendment is not required.

At one o'clock the committee took recess.

The committee resumed at three o'clock.

Mr. KNOWLES: Mr. Chairman, the Minister of Labour has informed me that my amendment to section 4, subsection 2 (b), is still being studied. I understand that the Minister of Transport is also giving it further consideration, and the suggestion has been made to me that the clause might be allowed to stand until later in the day. If the committee so wishes, that is acceptable to me, and I will reserve anything I have to say until the question is again before the committee.

The DEPUTY CHAIRMAN: Is it the wish of the committee that clause 4 stand for the time being?

Section stands.

Section 5 agreed to.

On section 6—Collective agreement conditions allowed.

The DEPUTY CHAIRMAN: Perhaps I should read the amendment that was agreed upon by the committee when the bill was before it. It was to add to section 6 a subsection 3, reading as follows:

Upon request of a trade union entitled to bargain collectively under this act on behalf of a unit of employees and upon receipt of a request in writing signed by any employee in such unit, the employer of such employee shall, until the employee in writing withdraws such request, periodically deduct and pay out of the wages due to such employee, to the person designated by the trade union to receive the same, the union dues of such employee; and the employer shall furnish to such trade union the names of the employees who have given and withdrawn such authority.

Mr. LITTLE: Mr. Chairman, I move that section 6 be amended by deleting subsection 3 thereof.

The DEPUTY CHAIRMAN: It has been moved by Mr. Little that section 6 be amended by striking out subsection 3 thereof

Mr. CROLL: Mr. Chairman, I gather that the amendment, coming from a private member, will give us an opportunity to have a free vote on this resolution. I am glad to know as a matter of fact that the committee will have that opportunity, but there are a great number of hon. members here who were not on the committee, and perhaps those of us who were there will give a few words of explanation.

The clause as read by the chairman is what is commonly known as the voluntary revocable check-off. It means nothing more than that the employer collects union dues, which the employee voluntarily asks him to do, the employee having the right to revoke it at any time he likes. There is no hardship on the employer. It does not interfere with any of the rights of the employer, be they managerial or otherwise, nor does it interfere with any of the rights that belong to the general public. It is a voluntary act on the part of the employee, and all it requires is a mechanical act by someone in the office to check it off in the same way that all office staffs now collect income tax deductions, unemployment insurance deductions, perhaps deductions for Red Cross and even for payroll savings of some sort.

If there is a hardship as a result of this clause it can only be on the employee. He is the one who pays the shot, and he is the one who is asking for it. All it does in effect is to give the unions the merest and barest measure of union security, and the purpose of it is to maintain the strength and integrity of the union.

I am sure the committee will agree with me that a responsible employer should welcome a responsible union. As a matter of fact, in a great number of collective agreements they have the check-off. But there are some who refuse to give it to their employees, for some reason or other, and those who deny it do so, I think, with the view that they will keep the union weak, because the inability of the union to obtain enough money in order to carry out administration leads to a weak and struggling union. I think the committee will agree with me that it increases the number and the bitterness of conflicts arising in labour-management relations.

We have seen in the past that unions do not starve very easily. They are used to austerity; consequently it never succeeds. Nevertheless the refusal of the employer to be a help to the union leads to difficulties. I call the attention of the committee to a statement made by Mr. Justice Rand in the famous Ford motor case:

> I consider it entirely equitable that all employees should be required to shoulder their portion of the burden of expense for administering the law of their employment, the union contract, that they must take the burden along with the benefits.

I am not suggesting that we go that far, although Mr. Justice Rand's decision was hailed as a most progressive one, and it has brought us peace in the automobile industry.

This resolution does not suggest that we go that far. It does not suggest that anyone who is not a member of the trade union should contribute. What it says in effect is that when those who are members make the request of the employer, the employer shall comply with it. I think the request is a simple one. Labour has not only earned it but deserves it. For a long time they have asked for union security. I think labour relations in this country will improve as we meet labour at least half way.

Mr. SINCLAIR: I should like to say a few words in support of this amendment. The hon. member for Spadina has clearly explained why the committee on industrial relations supported his amendment when it was placed before them. My own feeling is that there should be no reason for the committee not adopting an amendment, which, as he has pointed out, involves no hardship on the employer and merely facilitates the collection by the union of union dues. The British Columbia labour code, 1947, includes such a clause, and the deduction is regarded merely as an assignment of wages, which it is in essence, as the hon. member for Spadina pointed out. This government uses exactly the same principle in collecting unemployment insurance, workmen's compensation, and income tax from all employees.

I would not support here the compulsory or irrevocable check-off. But all this amendment means is that if an employee, in writing, tells his employer that he wishes his union dues deducted at the source by the employer, then the employer must do it, the employee still having the right, by similar written notice, to revoke that check-off. Therefore, both as a member of the industrial relations committee and as a British Columbia member supporting similar legislation in my own province, I would urge this committee to support the hon. member's amendment.

Mr. MITCHELL: Mr. Chairman—

Mr. HOMUTH: Before the minister proceeds, I think it ought to be made clear that the amendment we are discussing is the amendment moved by the hon. member for Timiskaming. The hon. member who just sat down is talking about an amendment which is actually part of the act.

The DEPUTY CHAIRMAN: The amendment before the committee is the one moved by the hon. member for Timiskaming.

Mr. KNOWLES: The double negative again.

Mr. MITCHELL: I said a great deal about this matter when it was in committee, and I am frank to admit that there is a fundamental difference of opinion as to what a collective bargaining agreement is and what it is not. As I said in the committee, I take the British view. I am frank about that. I was raised in the school in which the union officers collected the dues. They had the contact between the officers or the stewards and the men. I think that is the proper way. I do not believe that a provision which comes within the purview of collective bargaining should be written into an act of parliament. I think that approach is fundamental.

I intend to take the long view. I know that at the moment a great deal of confusion exists in the world. It is seen in France, in the United States, in Great Britain, and to a much larger extent in Australia and in other countries. I do not think there is any substitution for people sitting around the table and negotiating an agreement. It has been stated that the check-off exists in some industries in this country. I have no objection to the check-off as such. I have no objection to a trade union agreement fashioned and negotiated by men sitting around a table. But as I pointed out early in the committee proceeedings, this bill is intended to go down the middle of the road. It is based on the principle of conciliation.

We have witnessed what has happened in the United States, and I offer no criticism of what has happened there. It is a free country, under the two party system, where you get the ebb and flow of opinion on national affairs. The Wagner Act was passed in that country. Let me point out to my trade union friends, and more particularly to those who have had experience in these matters, that some in the United States thought the Wagner Act was a swing too far to the left. Then, by the turn of the wheel—I think it was the hon. member for Calgary West who used that phrase in the committee—they got the Taft-Hartley measure. I well know the position taken by the hon. member for Calgary West.

Mr. SMITH (Calgary West): And he still takes it.

Mr. MITCHELL: As he has a perfect right to do. But in the United States you have a change in the complexion of congress and the senate. Today you have the Taft-Hartley measure which a great many people must, by the very nature of things, feel is sound legislation in that country. I remember discussing that legislation with some of the higher ranking officials of the American Federation of Labor. After the president had vetoed the bill, they thought it would not get the necessary majority—I forget whether it is two-thirds that is required—in the congress and senate. I said this to them. Most men are activated by the opinions of the people back home. I ask the hon. member for Winnipeg North Centre if that is not what motivates him. Is it not the fact that you want to continue on, that you want to be a member of congress, or the senate, or of this House of Commons from now on?

An hon. MEMBER: Why?

Mr. MITCHELL: "Pourquoi pas," as they say in French. I sometimes wonder myself. But hon. members have seen what happened in the United States. Many of the cherished things enjoyed by labour organizations have been outlawed under the provisions of recent legislation. This bill does not interfere one iota with collective bargaining between employers and employees. If they want a closed shop, they can have a closed shop. Under the Taft-Hartley legislation they cannot have it. In Canada there are industries which have had the closed shop for over fifty years because both employers and employees believed it was in the best interests of the industry. I am speaking now of the construction industry. What I am fearful of is that with the swing of the pendulum you might get a government which would go much farther to the left than this government, or the opposition, or even my good friends of the C.C.F. On the other hand you may get a government which swings much farther to the right, and which will take away from the labour organizations conditions which have existed in this country for a good many years. That is why I say that the soundest approach to this problem is through negotiation. You start off with legislating for the check-off. You legislate in connection with wages and other working conditions. That has happened in other countries, as I said in the committee.

I was in Germany at the time of the revolution when Hitler obtained power. At that time Germany had the most powerful trade union movement in the history of the world. But it was so interwoven with the state that when Hitler got his fingers on the strings, neither the trade unions nor the employers were free agents. They were merely servants of the state. I should like to see our people

sit down as free men and bargain collectively, predicated on responsibility.

It has been said, and truthfully, that some employers have made it difficult for trade unions; but let me say that it cuts both ways. I am speaking as a trade unionist. Some trade unions have made it difficult for decent employers. Let us be fair about it. In our approach to this problem we cannot have one law for the rich and a different one for the poor, dealing with the same subject. If we do we are in for trouble. I think that is what is fundamentally wrong with the legislation in the United States. That is what was fundamentally wrong with the Wagner Act. You see the disputes with the typographical union in Chicago and in many other cities of the United States, where legislation has deprived that responsible organization of conditions that it has enjoyed for years, and of some conditions which they have enjoyed for a century in some centres in that country. Therefore I say, Mr. Chairman, I would rather see in our federal jurisdiction the railroad labour organizations sit down with the companies and fashion an instrument predicated on this bill, if you like, having due regard for the difficulties of that widespread organization.

The hon. member for Cape Breton South comes from a tightly-knit organization, the miners' organization, where conditions are comparatively easy. There are not many companies; they all live in the same locality.

I am frank to admit that I do not know too much about the details of the railroad industry in this country. I know it in a broad and general way. Speaking from memory, I think there are twenty-eight different organizations involved. All these different organizations collect dues in many localities. Do not forget that they have enjoyed relations with these companies down through the years not excelled by any other labour organization in this country. What has it been due to? It has been because of the ability to see the other fellow's point of view. I think that is a sound approach.

This afternoon one hon. member referred to the Rand formula. How did the Rand formula come about? It came about through the appointment of Mr. Justice Rand as a commissioner. I played some part in the final conclusions of that dispute. In essence it was straight collective bargaining. Mr. Justice Rand's findings were not compulsory, but they were agreed to by both parties to the dispute. That is the proper approach. I am offering no criticism of the Rand formula, but I question very much, outside of the check-off provisions in that formula, whether many trade unions of this country wish to go the full length of the implications and applications of that formula, taking the long point of view.

I do not think there is much more I need to say. I like to see meetings such as we have in my organization where everybody turns up and pays his dues. We had good meetings. If they did not turn up to pay their dues the stewards collected them. I know some of the implications when that does not have to be done. I agree with the hon. member for Spadina that it makes it easy for the trade union organization, but taking the long view—and I say this sincerely on the basis of principle itself—I think it is in the best interests of the trade unions themselves, and I think my prediction will be borne out in the light of experience, that they do the work themselves and not let somebody else do it for them.

Mr. GILLIS: I am glad to see that we have a fairly well filled house. It is unfortunate to have this discussion take place at this time. The industrial relations committee gave a lot of thought, and had a lot of discussion on this particular subject. The minister used the same arguments in the committee that he is using in the house today. Nevertheless, by a majority vote of the committee the provision for a check-off was written into the bill. It surprised me this afternoon to have a private member on the government benches move for the deletion of a clause in the bill which was put there after a lot of consideration. Had it come from the minister I would have thought it was the government's intention to have it removed, but since a private member moved it, I am assuming that every member on that side of the house will be able to cast his vote freely without being influenced by the cabinet statement made by the minister.

Mr. McIVOR: We always do.

Mr. GILLIS: Perhaps that will happen. I hope that the assumption of the hon. member for Spadina and of myself is correct, namely, that it merely comes from one private member who perhaps is not as well informed on the subject as he should be.

We are attempting to lay down a national labour code. The objective of that code is to bring uniformity in labour relations between province and province. It is a start, and a good one. But if we remove the clause that we are now discussing, it will make it impossible for provinces such as Manitoba, Saskatchewan, British Columbia, New Brunswick and Nova Scotia to come within the scope of this national code, if the government

wish to hand jurisdiction in labour relations over to the provinces; because each of the provinces that I have mentioned has a trade union act, and the check-off provision is written into every one of those acts. In many cases it was not written into those acts with the good will of the employers. It was fought for. The general public of the provinces that I have mentioned are convinced that the principle which we are attempting to lay down in this national code is a good one. I do not think that the governments in the provinces—I am reasonably sure of Nova Scotia—or the general public would want this provision removed. We are defeating the purpose of a national code if we make it impossible for the provinces I have mentioned to come in.

The minister made the statement that in his own union the shop steward collects the dues. That is understandable. Where you have a plant with a small craft union, and the shop steward has forty or fifty men in the shop with him, it is a simple matter to pick up the dues from them. It is not so simple in mass industries. In the gold and nickel mines, the coal mines, and the steel plants, where the unions are organized on an industrial basis, and where you have perhaps four, five or six men administering the affairs of the union, it is impossible to collect dues in that way.

I know that, because we tried it. For years we had the check-off in our agreement in Nova Scotia with the mine workers. In 1932 we thought we would try collecting dues, and we discontinued the check-off by referendum of our membership. We tried that for two years. It is absolutely impossible for union officials in a mass industry to administer the affairs of the organization by picking up the dues individually. It just cannot be done. By a referendum vote we restored the check-off.

In the organization of the steelworkers for example, I know that for years the steelworkers in Sydney tried to form a collective bargaining organization. This was before the provision for collecting dues was written into the trade union act of Nova Scotia. It never succeeded until that provision was written in. Then the membership put their cards in, and their dues were collected.

What we have to remember is what the hon. member for Spadina has pointed out. There is nothing compulsory about this. You put a card in, and you can withdraw it any time you see fit. The principle is well established. The government itself collects income tax in that way. Church dues are collected in that way.

Mr. GIBSON (Comox-Alberni): Not in my church.

Mr. GILLIS: And the income tax—

Mr. CASE: What church is that?

Mr. GILLIS: There are church dues collected by the check-off.

Some hon. MEMBERS: No.

An hon. MEMBER: Name them.

Mr. GILLIS: When you are finished squeaking over there and ask me something, I will try to answer it.

An hon. MEMBER: Name them.

Mr. GILLIS: The Catholic church in my own community collects dues in that way.

Some hon. MEMBERS: No.

Mr. BERTRAND (Prescott): You are wrong.

An hon. MEMBER: Trying to make propaganda.

Mr. GILLIS: That is why you fellows will be wrong—because you do not listen.

The DEPUTY CHAIRMAN: Order.

Mr. GILLIS: I would like to put these fellows right on that at once. I am a Catholic, and I have paid my church dues in that way for twenty-six years. It is a system which is still in use.

Mr. BERTRAND (Prescott): Because you were willing to do it.

Mr. GILLIS: No, by authorization. That is the simple way. And that is exactly what we are asking you to do with regard to union dues. And when hon. members across the way say no, no, no, they are just about as well informed on that matter, as they displayed a minute ago, as they are on this business of the union check-off.

Mr. BERTRAND (Prescott): It works the other way.

Mr. GILLIS: You are out of touch with the world.

The DEPUTY CHAIRMAN: Order.

Mr. GILLIS: And that is apparently the end of it. You believe in democracy, do you not? You put the check-off through for income tax, and that is not revocable. Why not extend the same privileges to the unions? But it is not exactly the same privilege, because we wish merely to have it on a voluntary basis. The government has it on a compulsory basis. If it is good for the government, the same privilege should be extended to the unions of this country.

The minister and the rest of the members of the House of Commons will have to come to a realization of the fact that the trade union movement in this country is a permanent institution. Whether you like it or not, it is here to stay. You will have to remember that the unions have gone through the fighting stage; that day is over. The matter has now entered the administrative stage. Today the unions have as well trained personnel in their leadership nationally, provincially and locally as we have in many departments of government. The signing of a collective agreement is a simple matter today when the unions are organized. The mechanics of it are worked out. I think the days of strikes are practically over, if decent and sensible mechanics are worked out and some rule of law applied to the union movement. If they are given recognition as business people, rather than having to go out on the streets to fight things out, that stage is over. It is relatively simple to sign a collective agreement today.

After the agreement is signed, the union then is not just sitting on the side; it is a community affair. A union which has a responsibility in any community is the biggest asset that community can have. When their dues are coming in, and they can budget on their income, they can take their men forward by way of educational programs, the promotion of co-operative credit unions, playgrounds, and all that kind of thing.

Mr. GIBSON (Comox-Alberni): The C.C.F. party.

Mr. GILLIS: That is their business. It is just as legitimate for them to do that as it is for the manufacturers association to back you people, or these people over here.

Mr. HARTT: That is not proven.

Mr. GILLIS: That is their business.

Mr. HARTT: It is not proven.

Mr. GILLIS: Check the Beauharnois report—

Mr. HARTT: It is not proven.

Mr. GILLIS: —for action of that kind.

Mr. HARTT: I have seen manufacturers support C.C.F. members too.

The DEPUTY CHAIRMAN: Order.

Mr. GILLIS: Well, that would be a miracle.

Mr. HARTT: The Dominion Children's Wear Association. You asked me to name one. That cap does not suit you, does it?

The DEPUTY CHAIRMAN: Order. I would ask hon. members not to interrupt the hon. member who has the floor. We shall get along better if that is not done. If hon. members wish to speak after the hon. member for Cape Breton South takes his seat, they may do so.

Mr. HARTT: He can look after himself.

Mr. GILLIS: The hon. member was trying to prove that the day of miracles is not past. As I was pointing out, if this check-off provision is written in, we are simply doing something nationally that was done provincially twenty years ago. Mind you, I hope the day will come when labour relations will be handed over by each province to the national government, and when we shall have adequate machinery here to handle the problem. I think it will be done in that way. We must not write anything into the national legislation or leave anything out of it which would preclude that kind of development.

I suggest that hon. members give this matter serious consideration, and that they vote quite freely. The amendment has been moved by a private member. I would impress strongly upon hon. members that a committee appointed by the house to study this matter, after much discussion of the subject, saw fit to write that provision into the bill. I do not think we as members of the House of Commons should lightly pass it up.

I feel strongly on the point, because I realize the value of the proposal. I see in this democracy in action. It is a recognition of the fact that a man who has a right to put a card in or take it out has a responsibility. There is no section of Canada today in which the check-off provision is operative under the trade union legislation where the unions are not 100 per cent organized. Not a man is out of them; they come in voluntarily, and they are glad to do it that way. In the final analysis they spend that money themselves, through their meetings and by their vote. They receive regular financial reports showing how every dollar is paid out and what came in. It enables the executive of the union which is a rather small body to do a decent job of administration and carry on considerable community work which is not possible under the other system where you must travel from door to door to pick up your dues.

The minister referred to the shop stewards in craft organizations and the method of collecting dues as advocated by the bill. There is no comparison. In most large industries you just could not have enough men to do it in that way.

I strongly urge that this clause remain in the bill because it is in the best interests of the people of this country.

Mr. McIVOR: When this matter was being discussed in the committee I asked the hon. member for Spadina if it was to be compulsory or voluntary, and I was informed that it was to be voluntary. I cannot see that that is so, according to this bill.

Mr. FERGUSON: I am an employer of some consequence; I have not had a union in my organization, and I have employed hundreds of men and women. There has been complete harmony in our relations. We pay over the union rates; we have cafeterias and recreation rooms, and, as I say, there is complete harmony between employer and employee. In the majority of factories on the North American continent that same harmony exists. This is not due entirely to the terrific activities of the unions on behalf of their brothers; it is due to the fact that the employer is just as human a man as any member of any union. He is keenly desirous of bettering the welfare of his workers, providing better working conditions and proper scales of pay adequate to meet the increased cost of living. That is the thought of most employers on the North American continent today.

Much of the discord that exists at the present time is not the result of discontent between employer and employee. The seamen's unions is an example. In that case the strike is not because of differences between employer and employee. The throwing of bricks, the bashing of heads and the utter disregard of the law of this country is due to discontent between union members. It is not all bread and butter garnished with cheese so far as union members are concerned.

I am in favour of holidays with pay; I am in favour of minimum wages; I am in favour of better working conditions and old age pensions for everybody; I am in favour of giving the people of this country anything that they can afford. But I am not in favour of promising them things that I know they cannot afford. They have to pay the piper. The labour people pay the shot.

I know of unions today that have taken union dues without consulting their members and have given them to a political party. One union called a meeting supposed to be for purely business purposes. The by-laws of this union state clearly that no political questions shall be discussed at meetings. But the by-laws were ignored and they went on to discuss the C.C.F. party and all that they would promise. They attempted to discredit the two old parties. This went on until several members of the union rose and reminded the advocates of the C.C.F. party and their principles that they could not discuss the matter further, that they were using the dues of the union for the purpose of sponsoring the C.C.F. party throughout Canada. We should not attempt to enact a law which would force a man to abide by the decision of radical advocates of certain political parties in this country. Every man should have the right to say, "I will contribute to this if I so wish." The government of Canada has no right at any time to say, "This is what you must do or pay a fine."

Mr. MacINNIS: On a point of order—

Mr. FERGUSON: The hon. member will have plenty of time when I am through.

Mr. MacINNIS: On a point of order, I have no objection to the line of debate being taken by the hon. member, but if he is allowed to carry on in that way—

An hon. MEMBER: What is the point of order?

Mr. MacINNIS: —without any reference to the section we are dealing with, then I shall claim an equal right.

Mr. FERGUSON: There is no other way to deal with this matter than to bring out the true facts to show that this amendment should be supported.

Another reason for supporting the amendment is that they are asking for legislation that will take away the liberties of the working men just as has been done in Russia. As has been mentioned by the minister, there are no trade unions in Russia. Hitler took away the rights of the trade unionists. Certain unions in Collingwood tried to take away the rights of the workers. That was not done by the employers; it was done by the trade unions. Many of these men do not want to contribute to any party. They have the right in this dominion, which I hope they will never lose, of supporting any party which will bring in good and honest legislation for both employer and employee.

I am not seeking the votes or support of any class of person in this country. I am seeking the respect of labour and employers for speaking truthfully and without fear. I hope I shall never deviate from that course. I am strongly against the check-off system because of the abuses by certain unions.

Mr. CROLL: On a question of privilege, the hon. member for Fort William said that he had asked me in committee whether this would be compulsory or voluntary, and he said that I told him it was voluntary. He said that he now finds it is compulsory, and I gathered from his words that he thought that

I had misled him. I should like to quote from page 242 of the proceedings of the standing committee on industrial relations, as follows:

Mr. McIvor: I was just going to ask Mr. Croll a question. Does this mean that it will make it easier for the union to collect dues?

Mr. Croll: Yes.

Mr. McIvor: It will be compulsory for the employee to pay dues?

Mr. Croll: No, it is not compulsory. He can either pay or not pay. The matter is up to him. He sends a note to the employer telling him to deduct the dues from his pay. When he does not want that done any longer, he writes the employer not to deduct the dues.

Mr. McIvor: I think any man who receives the benefit of what the union stands for should pay his dues.

That is what I said then, and that is what I said today. If I am wrong in assuming that some reflection was cast upon me—

Mr. McIVOR: No.

Mr. CROLL: The hon. member says "no", but I gathered that from what he said, and I was a bit surprised.

Mr. SINCLAIR: I rise on a question of privilege. I thought I was speaking on the amendment which had been moved by the hon. member for Spadina in the industrial relations committee, but that does not appear in the latest reprint of the bill that we have before us. I tried to make it clear that I was opposed to the amendment moved by the hon. member for Timiskaming.

The DEPUTY CHAIRMAN: As there are some members who were not here when I read the amendment, perhaps I should try to make the position clear. The amendment moved by the hon. member for Timiskaming is to delete an amendment which was carried in the committee and inserted in the bill. I hope that is perfectly clear.

The amendment to be voted on would delete the amendment proposed by the industrial relations committee.

Mr. JOHNSTON: Has the bill been reprinted, Mr. Chairman?

The DEPUTY CHAIRMAN: I will read again the amendment that comes from the committee to be inserted as subclause 3 of clause 6:

Upon request of a trade union entitled to bargain collectively under this act on behalf of a unit of employees and upon receipt of a request in writing signed by any employee in such unit, the employer of such employee shall, until the employee in writing withdraws such request, periodically deduct and pay out of the wages due to such employee, to the person designated by the trade union to receive the same, the union dues of such employee; and the employer shall furnish to such trade union the names of the employees who have given and withdrawn such authority.

As I said, the amendment proposed by the member for Timiskaming would delete the amendment I have just read.

Mr. BERTRAND (Prescott): Rising to a question of privilege, Mr. Chairman, may I say that the hon. member for Cape Breton South a moment ago, in order to strengthen his argument in favour of the check-off—I do not blame him for trying to strengthen his argument—said that even religious institutions were using the check-off, and he mentioned the Catholic church and said that it was requesting the check-off. May I say in reply that the Catholic church never requests any named contribution from any one of its adherents. I think it is only fair to the Catholic church that this correction be now made.

Mr. GILLIS: That is not a correction. Under the laws of Nova Scotia, church dues are a legal check-off.

Mr. BERTRAND (Prescott): But not mentioning a specific amount.

Mr. GILLIS: All churches collect their fees in that way. The amount I give is entirely up to me, but the check-off is the method by which it is collected.

Mr. MITCHELL: I am an Anglican and the Anglican church has continued in existence a long time without the check-off. But let us get back to the issue before us. Let us not inject religion into a discussion which is purely material and not spiritual.

Mr. MacINNIS: I do not think we need generate so much heat over this section. We can approve it or disapprove it. If we approve it, it goes in the bill; if we disapprove it, it is left out.

An hon. MEMBER: Let us vote on it.

Mr. MacINNIS: In a few minutes, after I have explained it so that you will understand it. During the war years the check-off was one of the most important issues in collective bargaining, and it became a part of the agreements which most large industrial firms made with their employees. As the hon. gentleman who moved subclause 3 in the committee has pointed out, Mr. Justice Rand included the check-off in his report on the Ford dispute in 1946, and I think he went further than that. It was not compulsory for every employee to become a member of the union, but it was compulsory for every employee to pay his contribution for the union's upkeep.

The Minister of Labour has pointed out that the check-off is not in vogue in the United Kingdom. That is true, and personally I would much prefer to have every trade union member pay his dues voluntarily as a part of his duty to his union. In a country such as Canada, where large industries have grown up very fast and where some of the members are not particularly concerned with the union beyond the increased wages and better working conditions it brings them, it is to be regretted that they are not interested enough at times even to attend the union meetings. But it is important that the trade union in an industry should be able to speak for all the employees covered by the agreement, and that can only be done if all of the employees are members of the union and pay their dues.

Let me read the first four lines of the proposed subclause 3 to show that there is nothing compulsory about it:

> Upon request of a trade union entitled to bargain collectively under this act on behalf of a unit of employees and upon receipt of a request in writing signed by any employee in such unit, the employer of such employee shall, until the employee in writing withdraws such request, periodically deduct and pay out of the wages due to such employee, to the person designated by the trade union to receive the same, the union dues of such employee. . . .

Could anything be freer than that? If we are to assume that the employee has a duty to his union, he surely could not do less than that. I suggest that every hon. member consider carefully before he votes for or against the amendment, because the check-off has become the customary practice in Canada, and no one, I believe, has been injured by it.

I was glad to hear the closing remarks made by the member for Simcoe North when he said that he was opposed to the check-off, because I have in my hands the Saskatoon *Star-Phoenix* of June 14, 1948, and I find in it an advertisement authorized by the Saskatchewan Progressive Conservative Association. The advertisement says that among the planks of the Progressive Conservative party are:

> The right of the worker to organize in unions of his own choosing.
> The check-off—and union security.

The advertisement carries a picture of Rupert Ramsay, the Progressive Conservative leader in Saskatchewan.

Mr. FERGUSON: Proving conclusively that Conservatives can think for themselves and are not led around by the nose.

Mr. MacINNIS: Proving conclusively that the policy of the Conservative party is determined by how close they are to an election.

Some hon. MEMBERS: Oh.

Mr. MacINNIS: All right. Keep quiet and I will not hit back. I now come to an article by the Progressive Conservatives in a forum, which is run by the Saskatoon *Star-Phoenix,* with all parties in it:

> 1. The guarantee of the right to collective bargaining.
> 2. Two weeks holidays with pay.
> 3. The check-off and union security—the right of every worker to join the union of his own choice, without fear of discrimination for union activity.

That, I assume, is the policy of the Conservative party all over Canada. It is at any rate the policy in Saskatchewan for the next two weeks. And if that is the policy now, it is the policy because it has a certain political appeal in Saskatchewan. I suggest to the rank and file members on the government side of the house that they avail themselves of the freedom they have at this moment to support subsection 3 of this section and to vote against the amendment.

Mr. GIBSON (Comox-Alberni): I have the highest regard for the experience and wisdom of our Minister of Labour, but in this particular instance I am afraid I find myself in agreement with the hon. member for Cape Breton South and the hon. member for Vancouver East.

Twenty years ago I was timekeeper in a logging camp and I did that in the evenings after I got through work. I found it most desirable, instead of having to procure cash and hand it to the boys for the payment of union dues, to have them give me their names, and at the end of the month I paid the money over to the proper official who forwarded it to the union. It was a voluntary check-off.

Many of the large employers in British Columbia resisted it vigorously at that time, but it never seemed to me that there was anything wrong with that system and I regarded it as both efficient and fair. I could never bring myself to feel that if anyone asked me courteously, as in fact they always did, to take that money off his pay and hand it to another person, there was anything wrong in my doing so merely because I did it in respect of union dues. I did not consider it any more wrong than if it were done with regard to the Red Cross, or tobacco or chocolate bars or anything else of value.

I, too, am an employer of labour in a small way, and I should not like to have the committee of the whole turn down the amendment that has been proposed by the industrial relations committee, because I feel that the Canadian people would regard this House of Commons as being ten or twenty years behind

the thinking of the provincial legislatures, certainly the thinking of our more progressive legislatures, though judging from some of the acts that have been passed by some of the legislatures one would not suppose that they were far advanced in their thinking.

I am in agreement with the amendment proposed by the industrial relations committee and opposd to the amendment moved by the hon. member for Timiskaming.

Mr. SMITH (Calgary West): I have spoken at least twice in this House of Commons in times gone by in favour of the voluntary revocable check-off and I have not changed my mind. I will therefore oppose the motion proposed by the hon. member for Timiskaming, and may I add that I will do so in spite of the speeches made in opposition to that motion by the members for Cape Breton South and Vancouver East.

I do not think it does our cause any good to start political bickering on a subject of this kind, which is quite serious to a great many people. I approach this question in a somewhat different way from that which has hitherto been adopted by persons who have spoken on it, with the exception perhaps of what was said by the last speaker, the hon. member for Comox-Alberni.

In conversation with different people, I have found that the word "compulsory" has been used by many with reference to this matter. There is nothing compulsory about it. A man voluntarily signs an assignment to give some of his own money to someone else; and at any time, in writing, in the same way as that in which he made the assignment, he may then withdraw that assignment and collect his own money. If there is anything in that which is compulsory I at least am utterly unable to find it.

I know it will be said by some people, who perhaps have no great understanding of labour, that advantage will be taken of this, and that certain persons will back a chap up against the wall and say, "Sign on the dotted line." It may be that there are odd instances of that kind in industrial relations. If there are, I believe it is because of the quick growth of unions, certainly since the beginning of the last war, and any great movement of the kind will produce some irresponsible leaders. The actions of such irresponsible people find their way into the headlines of the newspapers, but I prefer to regard these union organizations as being in the main composed of sensible people, just as sensible as we are on a broad plane in this house.

Let us suppose that I am working for someone. I have an employer and I owe a bill to

[Mr. Gibson (Comox-Alberni).]

a druggist or a grocer or someone else. I give my grocer or my druggist an order on my employer to pay that bill. He will not refuse to do it; he dare not refuse, because it is enforceable at law as an assignment of money. The same thing is true today with respect to wages, even though the assignment goes to a union secretary.

My position, therefore, is simply this. All that this amendment does, as moved in the committee, is to affirm a right which the workman has always had at law to assign his money to whomsoever he wishes, be it his wife, a grocer or a union.

We have to go back in our consideration of this matter. Everyone in this house has said he believes in collective bargaining. If we believe in collective bargaining we must mean something when we say that, and collective bargaining is bargaining by people without the cards being all in the hands of a man on one side of the table. It is a complete negation of the words "collective bargaining" if it be between one chap who has all the cards and a gun on his hip, and the fellow across the table who has only a couple of white chips. To give it meaning, it must mean that people have the right to meet together and negotiate on something like an even basis.

It has been said that expense is involved. I believe there is some small expense. I have no doubt that the unions would be quite prepared to meet that little expenditure for an extra bookkeeper or whatever it might mean. But I put this to the committee in the way I have done because I have thought this matter over for years. It is not a recent conversion with me. I have spoken about it in the house ever since I came here in 1945. I have spoken about it all across the country, and I have yet to hear from any person a single argument that I could regard as satisfactory, aside from the small question of expense

That is so with one exception; and that has come to my notice only within the past few days. We have jurisdiction here over railways because they are interprovincial. I have learned that those railways going from one ocean to the other are dealing with twenty-eight different unions. It may be that in that case difficulties will arise because of differences in the amount of dues collected by the various unions. That may mean considerable difficulty and perhaps some expense in connection with those brotherhoods. But it must be remembered that the railway people have not this system, nor have they asked for it. They are a set of unions that have carried on up to this time without feeling that there was any necessity for anything of the kind. But to come back to what was said before, they

are craft unions; they are in smaller groups and are spread clear across the country.

So I close, Mr. Chairman, by making this simple statement. I will vote against the amendment as proposed, but not for the reason, as suggested by the hon. member for Cape Breton South and the hon. member for Vancouver East, that there is any political kudos to be obtained from it. I have preached it, as they both know, ever since I came here. I continue to do so because I believe it is just, that it is a matter of right and not a matter of a handout from the employer to a union employee.

Mr. JOHNSTON: I desire to express my opinion with regard to this question. I am greatly surprised this afternoon to find out that the minister is now objecting to the amendment which carried in the committee. This question was thoroughly gone into in the committee, and it passed there by a majority vote. Surely the opinion of that committee, which was given the duty of examining most carefully this bill in all its aspects, should be given a little consideration at this time.

I have had a little bit of experience with this union check-off business myself, because when I was teaching in Alberta we had a union known as the Alberta teachers' association. In that union there was a check-off. Those of us who paid dues into the union were obliged to fight all the battles. Then those who did not participate by paying their dues, shared in the profits. I can say that the picture has now been changed in Alberta and we have the check-off there. In fact, in their forward labour legislation, I think Alberta leads all the other provinces in Canada. This is not something new. It was thoroughly discussed in the committee. It was passed there by a majority vote, and for the life of me I do not see why it should be brought up again. It is something that is not compulsory. It is voluntary in every sense of the word, as was pointed out by the hon. member who preceded me. I do not intend to cover the arguments which he and other hon. members have used. I wish to say I am firmly of the opinion that the voluntary check-off is the proper method of procedure. I shall support it, and I shall vote against the amendment which is now before the committee.

Mr. JAQUES: I should like to ask one question. I was not a member of the committee on industrial relations. I have listened to the discussion this afternoon, and I am not clear about this matter. According to those who support the amendment it makes no difference. If it makes no difference, I should like to know the purpose of it. Am I to understand that the members of the union who wish to pay their dues—and I suppose they all do—are so irresponsible that they cannot be trusted to do so but must have them deducted at the source? This provision seems strange to me. As I say, if there is no purpose in it, and if there is no reason behind it, why should it be introduced? Would the mover please explain that to me before I vote?

Mr. MITCHELL: To reply to my hon. friend, I think the matter was fully explained by the hon. member for Calgary West. He put forward one point of view and I think I put forward the other. His point of view was a legal one. He felt that these trade unionists or employees had a perfect right to ask the employer to deduct this money from their pay envelopes at the end of the month. My point of view—

Mr. JAQUES: May I ask this question—

Mr. MITCHELL: Let my hon. friend just sit down for a moment.

Mr. JAQUES: I want the minister to make the point clear.

Mr. MITCHELL: I cannot make it any clearer. The hon. member will have to stick my head on his shoulders.

Mr. JAQUES: The question I want to ask is this. Is there any law against the employee asking the employer to deduct his dues at the present time?

Mr. MITCHELL: No, there is no law.

Mr. JAQUES: What is the object of this?

Mr. MITCHELL: That is the other point of view. As I said, there are two points of view. My point of view is that this matter should be the subject of collective bargaining—

Mr. MacINNIS: Agreed.

Mr. MITCHELL: —a matter of agreement between employer and employee. One hon. member this afternoon talked about being progressive. I know of some countries in Europe which were thought to be progressive, but which now have a big thick curtain in front of them.

Some hon. MEMBERS: Question.

Amendment (Mr. Little) agreed to: yeas, 71; nays, 35.

Section as amended agreed to.

Sections 7 to 15 inclusive agreed to.

On section 16—Conciliation officer conference with parties.

The DEPUTY CHAIRMAN: There was an amendment made by the committee to this section. If hon. members will look at section 16 they will find that the last two lines in the original bill read:

. . . a conciliation officer to confer with the parties engaged in collective bargaining.

The amendment reads: "one or more conciliation officers."

Amendment agreed to.

Section as amended agreed to.

Sections 17 to 31 inclusive agreed to.

On section 32—Function.

The DEPUTY CHAIRMAN: The amendment made by the committee to section 32 struck out subsection 8.

Mr. MacINNIS: I intend to move an amendment to re-insert subsection 8. The subsection originally read as follows:

In any proceedings before the conciliation board, no person except with the consent of the parties shall be entitled to be represented by a barrister, solicitor or advocate and, notwithstanding such consent, a conciliation board may refuse to allow a barrister, solicitor or advocate to represent a party in any such proceedings.

The DEPUTY CHAIRMAN: Moved by the hon. member for Vancouver East that section 32 be amended by re-inserting subsection 8.

Mr. MacINNIS: Before you put the amendment, Mr. Chairman, I wish to say a few words in explanation. This subsection has been in the Industrial Disputes Investigation Act since it was first passed in 1907. So far as I know, there was never any strong objection raised to it, nor do I think it has ever interfered with conciliation proceedings. Labour organizations are afraid that if lawyers are allowed to take part in conciliation proceedings it will prove detrimental to the smooth operation of such proceedings.

The minister will remember that the Trades and Labour Congress of Canada gave this bill their endorsation this year and also to Bill No. 338 last year; but he will also remember that a few days ago the executive withdrew the endorsation of the congress from the bill, largely because of the two amendments made to it in committee. One of the amendments made in committee had to do with section 2, subsection (1), paragraph (i), subparagraph (ii). This morning the minister remedied the objection to that section by restoring to the bill what it contained when it was first introduced in the house. Perhaps a stronger objection of the trades and labour congress is taken to the removal of subsection 8 of section 32. I suggest to the minister that he would be improving the bill by putting it back where it was for the last forty years. It gave good satisfaction to all concerned.

I do not wish to create any controversy in regard to this matter, but it should be remembered that representatives of labour and representatives of the Canadian Bar Association have opposite reasons for having this subsection in or out of the bill, as the case may be. Labour representatives are anxious to have conciliation boards finish their work as quickly as possible, because they begin to receive the benefits when the conciliation proceedings are finished and an agreement is drafted. If lawyers are permitted to take part in the proceedings they will receive the benefits as long as the conciliation board is sitting, and the longer it takes to reach an agreement, the more they will get out of it. I can understand why they would want this section deleted. But let us remember that we are now considering a bill to make conciliation of labour disputes as smooth as possible. We are not drafting a bill to give employment to somebody, no matter to what organization he may belong. I suggest to the minister that it would be a good gesture on his part to take the position that he took when this bill was drafted and support the restoration of this subsection to section 32.

Mr. MACDONNELL (Muskoka-Ontario): I think I am far enough away from the legal profession to be able to speak with a certain amount of detachment on this issue. I should think all my legal earnings, if added together, would not support a family of five at the present cost of living for more than about two weeks.

I should like to make a few comments on this. In the first place, I find the speeches of the hon. member for Vancouver East so satisfactory that I wish he would not descend to what he did this afternoon when he suggested that members of the legal profession would regard a conciliation board as a means of spinning out the thing as long as they could in order to make fees. There are lawyers like that, no doubt, but I do not think there are many. I would doubt whether any intelligent organization would be hiring a lawyer like that, because the kind of lawyers who are worthwhile do not have to spin things out. They usually have more jobs than they can perform.

The second thing I wish to say—and here I might seem to be inclining to the views of the hon. member for Vancouver East—is that it is quite often wise not to have lawyers. There are cases where people have a sort of superstitious feeling about retaining lawyers,

because of the superstition that they may be able to work magic. They do not work magic at all.

There may be many cases where they should not go in; but it seems to me foolish to suggest that we should have a law or continue a law to keep them out. Why should we keep anyone out who, it is considered by any of the parties to a proceeding, can help? It seems to me just like refusing to let the light in. It seems to me a counsel of darkness, and to my mind it is one of the most retrograde things one might have to consider. Surely we should be ready to let anybody in who has a contribution to make. And if an intelligent union or an intelligent employer wishes to employ a lawyer, why should it or he not do so?

The next point is that there may have been a time, when it would have been suggested—although I observed that the hon. member for Vancouver East did not suggest it—that if lawyers were allowed to come in, the odds would all be tilted against the union. I doubt if anyone will suggest, after the discussion we have heard this afternoon, that in these days unions are poor and down-trodden and cannot get the best lawyers available.

My final point is that it seems to me that to suggest that the presence of lawyers would have the effect of spinning out an investigation and unnecessarily delaying it is to suggest that the chairman is a fool. I do not believe conciliation boards are presided over by fools. They are usually intelligent people. I was one once myself, for a few moments, but I got through very quickly—although I must add that there were no counsel present.

I suggest seriously, however, that to offer the argument that, in order to have proper expedition in carrying out these matters no counsel should be present, is a very poor compliment indeed to those who preside over these boards. I should feel very regretful if we had to continue to countenance a piece of legislation of this kind.

Mr. MITCHELL: Perhaps lawyers could take care of this thing themselves; but I am in charge of piloting this bill through the House of Commons. The Minister of Labour is fair game for everybody, both in and out of the house. I do not know what some people would do if they had not an opportunity to criticize the secretary of labour in the United States, or if they could not take a pot-shot at the Minister of Labour in Canada, particularly when they lack responsibility and courage themselves—and I do not reflect upon anyone in the committee when I say that.

I must say, however, that, speaking frankly, I believe this is class legislation. That is my view in the matter. It was put in there because it was in the Industrial Disputes Investigation Act. It was asked for by the Trades and Labour Congress of Canada and by other labour organizations. But it was put in the Industrial Disputes Investigation Act a good many years ago.

I have had some experience in labour negotiations in my day, and I know the hon. member for Vancouver East has had experience, too. I do not know of anyone I would rather be up against than a lawyer. I speak with no disrespect for lawyers, but first of all you have to teach them what you know, yourself. I would rather express my own opinions in my own simple way on the issues in dispute.

And do not forget this, that a disbarred lawyer can get in.

Mr. MacINNIS: He is not a lawyer, though.

Mr. MITCHELL: I know of a disbarred lawyer—

Mr. SINCLAIR: But he has legal training.

Mr. MITCHELL: I know of a case not long ago for which I was severely criticized, in which a disbarred lawyer's argument was used against me, and against others both in and out of the house. He can plead before one of these boards, and can represent anyone. I know of a member of the house—he happens to be on this side—who is a member of a labour organization and who has served his organization with credit and distinction.

I believe I said on another occasion that you cannot pass a law to turn a sinner into a righteous man. Neither can you pass a law to make sure that someone will not hire the best possible advice. Let us consider the men in the labour movement at the present time. I know of a recent board hearing in the city of Montreal which was handled by a man who grew up in the labour movement. I am convinced that, although these people speak in simple terms, they possibly know the intricacies of an industry better than any other people.

Then let us consider the industry with twenty or thirty employees. Someone asks for an agreement. What does the manager do? He flies to his lawyer, because he does not know how to develop the case himself. I hope I shall live to see the day in Canada when, even outside the legal profession, there will be those who will specialize in this kind of work. I do not think it is a forbidden field, or a field into which a man in civilian life, irrespective of his calling, could not make his

contribution toward what might be described as normal labour conditions in the country.

I have said there is a powerful argument which can be made on the suggestion that this is class legislation which, in effect, denies the right of a livelihood to a certain group of persons in Canada. We have been discussing freedom, and all that kind of thing—what the hon. member for Lake Centre talks about—

Mr. MACDONNELL (Muskoka-Ontario): Human rights.

Mr. MITCHELL: God bless human rights, yes. We have been discussing that. Then in the same breath we deny the right to a group of people to earn a livelihood. That is my approach to the matter. I believe it is the commonsense approach and, in the light of conditions as they exist today, I think it is a good one.

What is happening in the United States in this connection? I do not know whether I saw the picture or whether someone told me about it, but the other day John L. Lewis was walking with seven good lawyers along with him.

Mr. FLEMING: Was it Lewis?

Mr. MITCHELL: Yes, absolutely. What does one always do? What do we do—entirely outside labour disputes—when we get into trouble, whether it be civil or some other kind of trouble? We go to a lawyer. Of course we do.

Mr. MACDONNELL (Muskoka-Ontario): It is not a compulsory measure.

Mr. CHURCH: For many years past I have had connection with labour organizations and industrial strikes in the police department, fire and street departments, the post office, and the street railway departments. It has been my experience that, while lawyers have their usefulness in certain kinds of activities, they are absolutely useless in most industrial disputes.

I have had a wide experience in labour activities. While I am a lawyer myself, I believe those disputes might well be left to the parties, so that they might choose conciliators from among themselves and settle matters. I believe the section was all right as it was drafted. A board of conciliation should be able to settle a dispute as between man and man.

Let us consider the workmen's compensation act. I can remember when the present minister was a controller in the city of Hamilton. The matter came up as to whether they would allow lawyers before that workmen's compensation board which was dealing with the case of an employee who had been injured. It was decided by the Ontario legislature that it would not be in the interests of either the employer or the employee in the case of an accident in industry to allow lawyers to plead before the board when a settlement could be brought about without their doing so.

I understand that, according to the labour law, both federal and provincial, the minister or the deputy minister of labour can intervene and try to bring the parties together. That is the whole principle of the industrial disputes act. I was a member of the committee on industrial relations for nineteen years—I am not a member now—and my experience is that, while lawyers have their place, it is not here. In saying this, I am not against anybody or any business or profession.

Mr. RICHARD (Gloucester): I am surprised at the attitude taken by some hon. members against the legal profession. We are led to believe that if lawyers are permitted to appear before conciliation boards the proceedings will be protracted for their personal benefit, but I have not heard one good reason why the legal profession should be singled out. This discussion has been going on for fifteen minutes and nothing has been achieved; yet not one lawyer member has taken part in it. I think that is a clear example of the possibility of obtaining a quick decision in these matters.

I do not think any one profession should be singled out by legislation passed by this house. The parties to a dispute may call in accountants or skilled men from other professions, but the members of the legal profession are barred. Yet the question that may be troubling the conciliation board may be a question of law.

The great majority of lawyers spring from the labouring classes. Thousands of lawyers in this country have worked for years and years for the labouring men without receiving one cent of remuneration. Time and time again I have opened up cases which had been before conciliation boards where the decision had been against workmen when I knew they were right. I have done that in hundreds of cases without receiving one cent of remuneration, and there are thousands like me in this country. It is unfair to single out the legal profession and bar them from appearing before a conciliation board when the parties themselves want such assistance.

Mr. GREEN: I hesitate to say anything about this amendment, because I am not a member of the committee on industrial relations. I understand that, as the bill was originally brought in, it contained this sub-

section 8 which bars lawyers from appearing before a board. Then the committee in its wisdom decided that the subsection should be removed, the effect being that lawyers would be permitted to appear.

I do not think the hon. member for Vancouver East spoke with his usual fervour and conviction when he moved his amendment today. As he spoke, I thought of the many times when he has spoken in this house on the rights of the downtrodden and of minorities, all worthy subjects, but today I am afraid his tongue was in his cheek.

Mr. MacINNIS: Mr. Chairman, I object to the hon. member for Vancouver South attributing any insincerity to me in connection with this matter. I debated the matter in committee in the same way as I have debated it today. If the hon. member is accustomed to speaking with his tongue in his cheek, I am not.

The DEPUTY CHAIRMAN: I think the hon. member should withdraw that remark.

Mr. GREEN: That was the point I was making, that the hon. member does not usually speak with his tongue in his cheek. If the hon. member objects, I am quite happy to withdraw the remark. This is a most serious matter for the members of the legal profession. I am a member of that profession and I have no regrets over belonging to it. It is a great profession which has contributed a great deal, not only to the public life of Canada but to the welfare of those who have the hardest time. There is no reason why that profession should be singled out in this bill. I have a resolution here which was passed by the Vancouver bar association, one recital of which sums up the picture from the point of view of the legal men. It reads:

> And whereas such provision is the negation of the democratic rights of parties before conciliation boards and is an unwarranted restriction imposed on and discrimination against a section of the public in the conduct of a profession which has contributed much to the public life and welfare of Canada . . .

I think that sets forth the situation. About ten years ago I had the privilege of acting as chairman of an arbitration board considering a dispute between the newspaper proprietors in Vancouver and the typographical union. The case for the union was presented by a representative who was brought in from San Francisco and whose business it was to appear before arbitration boards. He was not a lawyer, but he was a skilful labour representative. I do not think any lawyer in Canada could have made a better presentation than that representative from San Francisco. No one had any quarrel with his being brought from San Francisco to present the case. It does seem to me that there is no reason why a Canadian lawyer should not be allowed to appear, either for the union or for the other side. I urge hon. members of the committee who are not of the legal profession to report the bill as it was reported from the committee.

Mr. GILLIS: I do not think the hon. member for Vancouver South and others who have argued that lawyers are being debarred from conciliation boards are reading the section correctly. There is nothing in the subsection which the hon. member for Vancouver East wants restored that would debar lawyers from attending hearings if they are requested so to do, or if the board chairman feels that they are necessary. There is nothing in the subsection that would indicate any particular discrimination against that profession. If the hon. member will read the subsection he will see that that is the case.

By this legislation we are setting up labour jurisprudence for the handling of labour disputes, wage disputes and so on. This is not criminal law; this is not the type of statute which the legal profession is trained to handle. When we were refusing the right to engineers to bargain collectively I did not hear one word from hon. members who have taken part in this discussion. Apparently there were no human rights involved there. I did not hear them speak when we were refusing the right of check-off on a voluntary basis.

We must recognize the fact that for the first time we are setting up a national rule of law to govern labour relations. Under the section as it was in the original bill and which we are seeking to have restored, authority is placed in the hands of the board and the parties to the dispute to call counsel if they so desire. I do not think the argument that was used by the very capable member of the legal profession who has just taken his seat was valid, as I think he will agree if he reads the clause we wish restored.

While on this matter of lawyers, among whom I have some great friends, I have a clipping in my hand from a United States publication called *Labor,* which the Minister of Labour probably knows, and this is what it has to say in an editorial on the railway dispute in the United States. The editorial is headed "Lawyers", in big letters and says:

> "Almost from beginning to end, one of the real troubles in this dispute has been that railroads have shifted their responsibilities over to lawyers," a union leader declared. "For example, during the emergency board hearings, they had a battery of 16 lawyers to handle their case, while we had only one.

"Thus, collective bargaining on the 'Iron Horse' has degenerated into litigation. You can't have peace on the rails that way."

Mr. CROLL: He is complaining that you do not have enough lawyers.

Mr. GILLIS: No, he is not. He is complaining that the railroad companies, with unlimited funds, can hire a battery of high-priced lawyers to fight a struggling union which can afford to hire only one.

Mr. SMITH (Calgary West): They are going to spend a million to defeat the president, so they must have money.

Mr. GILLIS: It was sixteen lawyers to one in that case. But the point I want to make is that there is no suggestion in the clause that lawyers should be kept out. It is merely placing the matter in the hands of the judge and the parties to the dispute, and, in the final analysis, in the judgment of the chairman of the board. The minister says he has a wonderful board. I do not see, then, why he should mistrust them. This provision has been in the act for a long time, and if labour is going to accept its responsibilities it should begin to handle its own problems.

I have no doubt that the unions in Canada today have in their own organizations personnel qualified to handle any labour problem that would come within the scope of this act. My experience with negotiations has been this. If we needed a lawyer we went out and got one, and the best time and place to see him was before the negotiations began, having him sit down in an office and prepare a memorandum which would help to get the facts straightened out in our own minds before we went into the negotiations—not after we went in. No one is able to handle negotiations dealing with wages and economic conditions better than the people who are actually involved in the dispute and know the basic facts. If legal advice is required the best time to take it is before the negotiations begin, when you are preparing your brief for submission to the board. I hope that the hon. member for Vancouver South will take another look at this clause, and if he does I am sure he will find that it gives ample scope for the legal profession to appear if, in the judgment of the board, that is necessary.

Mr. SMITH (Calgary West): This is coming pretty close to home, since up to now I have got my living by the practice of law. Of course I do not need to do that any more, now that I am getting so well paid for being in Ottawa six months of the year.

It seems to me that perhaps we are overlooking the most important thing in this whole discussion which has centred around large corporations and large labour unions. But that does not present a true picture of the industrial situation in Canada at all. Where I live we have only one large industrial organization, engaged in the mining of coal. We had another fast-growing organization, which is not as yet unionized, searching for oil. On the other hand, we have many small industries employing, say from fifteen to twenty men, and in Ontario and Quebec there are many organizations of that kind.

The ordinary labour union is, as a rule, a member of one of the two or three major national labour organizations in this country. In the event of a dispute and conciliation proceedings before a board the union has immediate access to the best advocates that I know of in the labour business, and they are contained within the labour organization itself. They are excellent advocates because they have had much experience in this work. But the employer who must meet the union in conciliation proceedings is a man who, as a rule, has risen from his bench and perhaps got his own shop and has made it grow. He is not equipped to present his own case to the tribunal. He has had no experience in public speaking, and has no conception of putting together things on a paper called a brief in a manner that will be readable, so that he is unable to present his case in the best light. For that reason, if for no other, he should be able to employ a lawyer to assist him.

I have heard this story before about lawyers spinning things out and taking a long time. But the employers could easily circumvent the law. All they have to do is to name a lawyer as the third person on the board, which usually consists of three people. But that would not be right; that would not be honest. So the proper thing to do is to have a lawyer who will present your case in the best way possible.

Furthermore, we know that the large labour organizations are well equipped, not only with lawyers but with research people, economists, accountants and all that kind of thing. So the day is long since gone when there is any virtue or anything bona fide in the cry that labour cannot employ lawyers to meet those of the corporations. The hon. member for Cape Breton South gave as an illustration the railway dispute in the United States, where the railroads had sixteen lawyers to one representing the union. But we all know that this union is among the wealthiest in the world. It could buy out, lock, stock and barrel, all the lawyers it could find in any large city in the United States. My view is that anybody who employs sixteen lawyers in the one case is an ass. In my judgment he could not be anything else, because more than half of them

would be surplusage and a clog on the wheel in operating any sort of hearing.

One word about the other aspect of it. I am not so greatly concerned about the money that we lawyers make or may not make in connection with this matter, though perhaps some will be. But I am concerned about its being said to us, "You have been trained to examine a new proposition quickly, to find the bones of it, and from those bones to make up a case and present it". Your lawyer of 1948, if he makes money, is not the fellow who is in the courthouse all the time. That was true years ago, but is quite untrue now. There are not in the dominion ten lawyers who are making a living at criminal practice, if we take the big cities and all. Most of the cases now involve persons who have long since lost the ability to pay a lawyer when they get into that kind of trouble.

The lawyer of today is a businessman. His whole training these days is to go into investigations like milk, butter and so on, coal mining and the rest, which are held throughout the country, because he is trained to think in a businesslike way.

As to his spinning things out, I can give my hon. friend one case. I hate to be personal, but this was in connection with the conciliation board in Alberta, and he knew the parties on one side, headed by Bob Livett. It was before the late Mr. Justice MacGillivray. They were at a deadlock; his lordship telephoned me—I happened to know them—and in that same afternoon we got a settlement. In that case there was no lawyer except myself who was called by the bench, and I did not prolong the case. I settled it. That is a matter of history, a matter of record.

This story about lawyers going into these things to prolong them, whether the implication is or is not that it is done in order to get money, is the most utter and complete nonsense. I know that organizations had a hard job to get lawyers in the old days in connection with workmen's compensation where every case went before the court. They did not have money. We have been debarred ever since that day from taking our place before certain tribunals, but that went out with the horse and buggy. The unions are stronger financially and in numbers. They are equipped with the very best talent, and I can see no reason why we should not be admitted to serve either them or the employer.

The DEPUTY CHAIRMAN: Is the committee ready for the question? I would point out that what the hon. member for Vancouver East is doing in this amendment is to restore in the bill a clause that was removed in committee.

Amendment (Mr. MacInnis) negatived yeas, 7; nays, 60.

Section agreed to.

Sections 33 to 44 inclusive agreed to.

On section 45—Prosecution of employers' organization or trade union.

Mr. GILLIS: There was considerable discussion of this clause in committee and I have a simple amendment to move. I am sure everyone will support it. I move that section 45, subsection 1, be amended by striking out the word "and" in the third line and substituting the word "board" for "organization" and by striking out the words "or union".

Mr. CROLL: Will the hon. member please read the section with the proposed amendment?

Mr. GILLIS: The subsection would then read:

> A prosecution for an offence under this act may be brought against an employers' organization or a trade union in the name of the board . . .

The rest of the section would be the same as it is now. My reason for moving this amendment is that in my opinion this section is the meat of the whole act. Unless the board has the responsibility for enforcing the act and the authority to enforce it, I think we are leaving matters of labour relations in Canada pretty much where they are at the present time.

The amendment I now suggest would put the board in the position where, if it considered either side in an illegal position under the terms of the act, it could institute proceedings in the court against the party committing the infraction. I insist upon this, because we argued it in committee. Unless we place this responsibility and authority in the hands of the board, we are leaving labour relations where they are today, a matter of going through conciliation, a matter of going to the board, or of either employers or unions ignoring boards set up by the government, as has happened in the dispute between the lake shipping companies and the seamen's union.

The government appoints a board. The operators refuse to have anything to do with it. They ignore the law completely, with the result that you have anarchy in that industry today, and the Minister of Labour and the government are the goats. If the board were enforcing the act, as I am advocating now, it would have been in a position to take the offending party to court and have the penalties contained in the act applied.

I do not think there is any court in the country in a better position to determine which side in a dispute is in the wrong than the

labour relations board that will administer this act when we get through with it. They sit in and listen to the evidence from both sides. They know who is reasonable and who is unreasonable. In addition to that, if this board has some such authority as we are trying to give to it, both unions and employers will approach it with a more respectful attitude. But if the board is to be merely constituted as a forum, and has no authority whatsoever in the matter of enforcement, these people will do as they have been doing; they just go in and argue the thing; and if they are not satisfied, they walk out. What happens after they are through there? The board has wasted its own time and the money of the government. Then it is a matter of the union's applying to the Minister of Labour for the right to prosecute the employer in the courts, or vice versa. In the seamen's union strike we have a good example right at the present time. This legislation does not work out and cannot work out. Unless we intend to enforce the act, I think we are wasting our time in setting it up.

As I said in a previous debate, I believe that we are now applying the rule of law to labour relations. We are setting up a labour jurisprudence. In my opinion this labour relations board should be a court in which would be determined any infractions of the law and so forth. Then it would be a matter of taking the case to the regular courts to have the penalties imposed. But unless we are prepared to change section 45 in order to give the board that authority to use if it sees fit to do so, we are wasting our time. As I say, I do not think it would be used often. But if both sides knew the board had that power and right, I think they would do everything reasonable and possible to settle their disputes in there before the board, without going out and fighting it out, as they are now doing in the lake shipping strike.

Mr. MITCHELL: If this amendment passes, we might as well just wipe out the board and the approach by way of conciliation by the labour department. It is beyond my imagination why people keep on talking and asking why we should not prosecute somebody and why we should not put somebody in jail, when we are dealing with labour disputes; and I would point out that it is not all on either one side or the other, I think the proper view—and it is the one we take—is that if you want a labour court, say so, and establish one.

Let me say this to my hon. friend. The establishment of a labour court is not the answer to the question. It is the easiest thing in the world to make the broad and general statement that if we had a labour court everything in the garden would be lovely. Recently there was a disastrous railway strike in the state of Queensland. A labour organization there defied the machinery—we will put it in that way—of the labour court. I have here a copy of the act passed by a labour government in the state of Queensland. People talk about legislation with regard to peaceful picketing and what have you; but I do not know of any piece of legislation in the world that compares with it. I am not saying that by way of criticism of what happened in Australia—I do not have to live there—but I think it is absolutely unsound to make into a judicial body a board which is composed of private individuals.

Mr. GILLIS: Nobody has suggested that.

Mr. MITCHELL: It is not what you are suggesting; it is the end of the road of your suggestion.

Mr. GILLIS: No, no.

Mr. MITCHELL: You would establish a board as a judge and jury. That is what it amounts to. I do not think there is any substance in leave to prosecute in that court which is primarily concerned with the adjudication of labour disputes on the principle of conciliation. I think, if the amendment carried, it would completely destroy the usefulness of the board, and we should have to establish an entirely different agency.

There is another point I wish to mention. If my memory serves me correctly, since the establishment of the I.D.I.A. in Canada we have had only about eighteen prosecutions, and none of them was of a major character. If you make access to the courts too easy, all you do is to make the government, the board, or the minister a gravy train for every little dispute that takes place in connection with the agreement itself or the negotiation of the agreement. In my judgment you must have the common sense to pick out the substantial cases from those that are not substantial. In my department, since I have been the minister, I have often found that one side or the other wanted to prosecute; but by the procedure of conciliation we have been able to adjudicate the dispute. I think I said in committee that it is bad law—and I am not a lawyer but I have heard the expression used—to pass a law for the exception to the rule. In my judgment you would have to transfer completely the whole application of this act if this amendment carries.

Mr. GILLIS: May I say that the minister was talking on a completely different subject from the one I was dealing with. I did not advocate the setting up of a labour court.

Mr. MITCHELL: Of course you did not.

Mr. GILLIS: I advocated giving power to the board to enforce this act through the regular courts of this country. I want to give them some authority to do something about their acts; that is all. The seamen's union strike should be an example to the minister. I know that if I were in the minister's position I would at least want some power and some authority, by means of which to protect myself where I have the responsibility, and the minister has not that power and authority now. I am not suggesting the setting up of a court at all. I am suggesting that this board should be able to determine when an infraction of the act is committed, and that the board should then be in a position to prosecute through the regular courts of this country. That is all I am suggesting.

Mr. MacINNIS: Whenever the minister is short of an argument with which to meet any case, he jumps away off to some other part of the world, pulls something out of there, and then puts that forward as an argument. The legislation in Queensland, and what happened there, have no relation at all to this matter. In that state the people were met with a situation with which they had to deal, and they had the courage to deal with it. But with this legislation under which we are now operating, when the minister is absolutely defied by an employer of labour, neither the minister, nor the department, nor anyone else can do anything about it. What is the use of passing legislation unless that legislation can be enforced? I know that all through this legislation penalties are provided. But the action is not dependent, as it would be under any other law, on the government's taking the action if the law is broken; it is dependent on the parties to the dispute. It is up to them to take action in the courts, if one party has the means to do that.

Is this not a case such as that referred to by the hon. member for Calgary West a moment ago? He referred to the small employer. There are small organizations that have not the money to bring cases to court. Surely that should be the responsibility of the government.

Mr. MITCHELL: If I may say so, I think my hon. friend should be the last man on earth to say to me that I go to other parts of the world. For example, I have heard enough about Sweden and what is happening in New Zealand and in other countries. I do not say this in a critical sense. I merely quote the experience of labour courts in these countries where labour governments are in power.

My hon. friend spoke about a case that is before the courts at the present time. I do not know what the decision of the courts will be. I should not like to express an opinion on it. It has gone before the courts through the instrumentality of the parties concerned. Let me say this to my hon. friend. You can easily make a gravy train—

Mr. MacINNIS: What does the minister mean by "gravy train"? What is a gravy train? Who is it made for?

Mr. MITCHELL: It is not made for anybody.

Mr. MacINNIS: What is a gravy train?

Mr. MITCHELL: A gravy train is a favourite phrase that is used in labour organizations—

Mr. MacINNIS: Not in mine.

Mr. MITCHELL: —that the government is the instrument for one side or the other to embarrass the other side through the courts in every little dispute that takes place. My hon. friend must know that this is the end of the road. What happens when there is no responsibility? They say, let the Minister of Labour face up to it, whether it is a national dispute or a provincial dispute. The soundest approach is to have to get leave from the board to prosecute. You can have your own machinery cluttered up with prosecutions, instead of sitting down around a table and compromising on the dispute in question. I still hold that opinion. I hate very much to turn the labour department or this national labour board into a police department. They can easily go before the board as laid down in this legislation and ask for leave to prosecute. That is the soundest approach to the matter.

Mr. MacINNIS: The point is that they must go to the minister for leave to prosecute. The minister referred to every little organization that wanted to get on the gravy train. I do not know what he meant by that. He did not explain the phrase to me. I imagine it is something out of which somebody gets something, but they cannot get it in any case until the minister indicates that there is a good reason for prosecution.

Mr. MITCHELL: I think the hon. member missed my point.

Mr. SMITH (Calgary West): What change do they want?

Mr. MITCHELL: I do not know whether I have made my point clear. I will leave the gravy train out of it.

Mr. ARCHIBALD: Yes.

Mr. MITCHELL: The hon. member from northern British Columbia should know something about gravy trains.

Mr. GRAYDON: Put it on the switch.

Mr. MITCHELL: Yes. Where there is a lack of responsibility on either side, difficulties arise. Often people come to my office, or to the offices of officers of my department, and I can see that they are in the mood to prosecute somebody. Ninety-nine times out of a hundred, or even more than that, through the processes of conciliation they sit down one with another and make an agreement. Governments being what they are, and politicians being what they are, if you make the spending by governments for organizations, whether they be employees or employers, as easy as my hon. friend would have it I do not think this legislation would be worth the paper on which it is written.

Mr. MacINNIS: I do not think it is now worth the paper on which it is written.

Amendment (Mr. Gillis) negatived: yeas, 9; nays, 56.

Section agreed to.

Sections 46 and 47 agreed to.

On section 48—Notice by mail.

The DEPUTY CHAIRMAN: There is a slight amendment to this section which was made in the committee. Instead of reading as it formerly did, "through His Majesty's mails," it now reads "by registered mail."

Amendment agreed to.

Section as amended agreed to.

Sections 49 to 52 inclusive agreed to.

On section 53—Classes of employees and employers thereof and works, undertakings or businesses under part I.

The DEPUTY CHAIRMAN: The committee made an amendment to this section which reads as follows:

. . . any work, undertaking or business that is within the legislative authority of the parliament of Canada including, but not so as to restrict the generality of the foregoing . . .

Amendment agreed to.

Section as amended agreed to.

Sections 54 to 74 inclusive agreed to.

The DEPUTY CHAIRMAN: Shall the title carry?

Mr. KNOWLES: Clause 4 stands.

Mr. MITCHELL: In connection with an amendment to clause 4, a suggestion has been made. The legal officers are looking into the section and they have not completed their labour. We can agree that all the sections are carried with the exception of clause 4. I suggest that the committee rise, report progress and ask leave to sit again today if we can obtain the opinion of the legal officers; if not today, then some other day.

Progress reported.

GOVERNMENT ANNUITIES ACT

PROVISIONS AS TO ISSUE, CONVERSION AND AMENDMENT

Mr. PAUL E. COTE (Parliamentary Assistant to the Minister of Labour) moved the second reading of Bill No. 343, to amend the Government Annuities Act.

He said: In opening the discussion on the second reading of this bill, I think the house will expect me to give a summary of its amending provisions and the intentions which have governed the recommendations that such changes be implemented. Since its inception in 1908, the Government Annuities Act has not been substantially changed in many ways. The administration of the act was first given to the Department of Trade and Commerce, where it stayed until 1912, when it was transferred to the department of the Postmaster General. In 1922 it was given to the Department of Labour, where it still is. So far as the administrative structure of the act is concerned, there has not been anything done by way of amendment more than to change the minimum or maximum amount of annuity for which a purchaser was permitted to contract. This has been done from time to time.

I believe at this stage I should restrict my remarks as much as possible, and give a sort of perspective of the bill. Net receipts during the thirty-nine years from inception to March 31, 1948, total $462,814,944.90, over 50 per cent of which resulted from operations in the last five years. The rigidity of the present act has become more and more evident with the increasing volume of business. Family responsibilities and the financial status of many annuitants change over the years, and the present act provides little opportunity to alter original contracts to give effect to such changes. The main purpose of the bill is to provide more flexibility by permitting, within limits, the conversion and alteration of annuity contracts.

By reason of the arrangement of section 4 of the act, there is no authority for issuing or changing certain types of annuity contract. This lack of provision in the act defeats to a harmful extent the real objective of the act, namely, to fit each annuitant with the type

and, within statutory limits, the kind of annuity best suited to his needs and means and to keep him so fitted during the life of the contract. The proposed amendments to this section extend to purchasers the freedom of choice as to the type and terms of authorized annuity contracts which might be required to meet changing circumstances. Authority to make regulations for the conversion and alteration of annuity contracts which are authorized by the new section is provided under the appropriate section.

The amount of the minimum annuity which may be sold is increased from $10 a year to $60 a year. It has been found that annuities yielding less than $5 a month are of little value to the annuitant and do not warrant the cost or expense involved in the selling, accounting and servicing. The total amount that might be paid by way of annuity or annuities to any annuitant or to joint annuitants has been increased from $1,200 to $1,500.

There is no substantial change involved in the provisions concerning payments in the event of death, but the section has been redrafted for purposes of greater clarity and certainty. In accordance with the authorized rates, when the holder of an immediate annuity dies no benefit is payable except to the extent of any guaranteed instalments of annuity, and immediate surrender of the purchase money is required. If the annuitant should die before having received even the first instalment of the annuity, the terms of the present act may be invoked to return the purchase money with interest to the heirs. This inconsistency in the benefit presumed in the calculation of rates and the provisions of the present act, has been removed by the amendments to this section. In addition, broader options are provided to the purchaser as to the disposition of payments under this section in extending the privilege of naming beneficiaries and of commuting guaranteed payments.

The basis to be followed in establishing interest rates is set out and provision made for a review of interest rates and mortality tables at least once every five years and for the return of premium payments in prescribed circumstances.

The section dealing with the accounts to be kept and the manner in which the liability for annuity contracts in force at the end of each fiscal year shall be calculated, has been redrafted for purposes of greater clarity and certainty. The wording has been discussed with and concurred in by representatives of the office of the auditor general and the comptroller of the treasury.

I submit that for the time being what I have said should be sufficient to open a useful discussion on the principle of the bill. There may be other points which hon. members would wish to clear up and which could be discussed in the house. These latter remarks would be more in order, however, when we reach the committee stage, because they can be related to the different sections of the bill.

I submit that, under these circumstances, the amendments sought to the Government Annuities Act have become necessary. This is the first time in thirty-nine years that an attempt has been made to modernize the administrative structure of the act. In view of the tremendous increase in business which began five or six years ago, it has become necessary to have this matter properly attended to by the house in the manner set out in the bill.

On motion of Mr. Cote (Verdun) the debate was adjourned.

INDUSTRIAL RELATIONS

INVESTIGATION, CONCILIATION AND SETTLEMENT OF INDUSTRIAL DISPUTES

The house resumed consideration in committee of Bill No. 195, to provide for the investigation, conciliation and settlement of industrial disputes (as amended)—Mr. Mitchell—Mr. Golding in the chair.

On section 4—Employer or employers' organization interference with trade union.

The DEPUTY CHAIRMAN: An amendment was moved by the hon. member for Winnipeg North Centre.

Mr. KNOWLES: Mr. Chairman, I should like to speak briefly, because I believe someone on the government side wishes to move a subamendment. Hon. members will understand that the amendment I have proposed seeks to achieve the same purpose as that sought by the bills I have introduced on several occasions, having to do with protecting the pension rights of railway and other workers. I withdrew my bill two weeks ago so that I might bring up the matter in this way and thus meet all the objections that have been made on the floor of this house.

One main objection to my Bill No. 24 of last year and my Bill No. 6 of this year was that if this kind of legislation was good it should apply, not just to railroad workers but to all workers. I have met that objection by suggesting that this protection be provided in the labour code.

Another objection made on the floor of this house was that the wording of my bill might

have the effect of protecting the pension rights of those who took part in what is sometimes referred to as illegal strikes. By providing this protection through the medium of an amendment to this present bill, the benefits will be afforded only to those who meet the terms of the bill now before us. I suggest that my amendment quite clearly provides this protection only to those who find themselves out on strike after having gone through all the machinery laid down by this federal labour code.

I feel that I have met all the objections; yet if this amendment or some form of it passes it will meet the wishes, not only of railway workers but of thousands of other workers across the country. It would prevent a recurrence of the injustice that occurred in 1919 when pension rights were lost by Canadian Pacific railway employees who were on strike in that year.

This amendment—I regret to say—does not have any retroactive effect. The rights of the men of 1919 is another matter which I shall continue to pursue. However I should like to say, on behalf of those men, that if this amendment or some form of it carries today, even though their case has not yet been rectified they will rejoice in the fact that there is now legislation to prevent it from ever happening again. I know that from what many of these men have said to me, numbers of whom have passed on during the five or six years I have been bringing these matters to the floor of this house.

I commend this strongly to hon. members of the committee on behalf of thousands of workers across this country. I hope that this amendment, either in its present form or in some alternative form which the minister may suggest, may be passed at this time.

Mr. CHEVRIER: The amendment that has been moved by the hon. member is to section 4, subsection 2(b). Personally I would have thought that clause (b) as it now stands would answer the purposes and objects of the hon. gentleman. However, he has moved an amendment which perhaps can be accepted in principle. There are one or two objections I should like to make, but I do not want to take up the time of the committee by making them. I think, if the wording of the hon. gentleman's amendment could be changed somewhat it would meet any objections that I would have in so far as my responsibilities for the railroads are concerned. I have prepared a further amendment which I hope will be acceptable to the hon. member and which reads:

That section 4, subsection 2(b) be further amended by changing the period after the word "act" to a comma, and adding thereafter the following words:

"and without restricting the generality of the foregoing, no employer shall deny to any employee any pension rights or benefits to which he would otherwise be entitled by reason only of his ceasing to work after the commencement of this act as the result of a lockout or while taking part in a concerted stoppage of work due to a labour dispute where such lockout or stoppage of work has been enforced by the employer or called by the recognized representative of such employee, as the case may be, after all steps provided or contemplated by law have been taken through negotiation, collective bargaining, conciliation and arbitration to settle such dispute or by reason only of dismissal contrary to this act."

The DEPUTY CHAIRMAN: If this subamendment is satisfactory, will the hon. member be willing to withdraw his amendment?

Mr. KNOWLES: As I understand the proposal made by the Minister of Transport, this wording he read will be passed as an addition to section 4, subsection 2(b). If that is the case, I am happy to accept it.

The DEPUTY CHAIRMAN: Has the hon. member leave to withdraw his amendment?

Some hon. MEMBERS: Agreed.

Amendment (Mr. Knowles) withdrawn.

Amendment (Mr. Chevrier) agreed to.

Section as amended agreed to.

On the title.

Mr. MacINNIS: I have one or two questions I should like to ask the minister. Is there an action now pending in the courts to test the validity of P.C. 1003?

Mr. MITCHELL: Yes, before the Quebec courts.

Mr. MacINNIS: Is the government represented?

Mr. MITCHELL: We have counsel there.

Mr. MacINNIS: This act will come into force on proclamation. Would it not be desirable to bring it into effect as early as possible?

Mr. MITCHELL: That is being considered. When the constitutionality of an act is being attacked I think it is the duty of the government to be represented by counsel.

Mr. MacNICOL: I am glad to see that this bill has reached the stage of adoption. As you know, Mr Chairman, ever since you

and I came here about nineteen years ago, sixteen years of that time I was a member of the industrial relations committee, and I took part in all the discussions that occurred there during that time. A year or two ago, for reasons unknown to me, I was left off the committee, notwithstanding the fact that I have been a labour man nearly all my life and associated with the operations of labour and big business. Because I did not hear any of the discussions before the committee, I refrained from saying anything on the bill, but I should like to say a word or two at this time.

A few moments ago I voted against an amendment which would have reinserted subsection 8 of section 32 in the bill. That subsection had the effect of barring lawyers from appearing before conciliation boards. During my many years in business and my connection with controversies of one kind and another, I know that many lawyers who were honest in their convictions have rendered good service, both to the employees and to the employers. I have in mind several of these gentlemen, but in particular I am thinking of Mr. Bernard Rose, K.C., of Montreal.

Since there was a possibility that lawyers would be barred from appearing before conciliation boards, I have received many letters of protest. For years it has been the job of Mr. Rose to appear before conciliation boards on behalf of labour, and for that reason I opposed the amendment which would have barred such lawyers from acting in that capacity. Mr. Bernard Rose had the respect of the labour unions and of businessmen. I am glad to see that such lawyers as he is and others like him will now be permitted to appear in the settling of disputes. I am sure the minister knows the man I refer to, and knows many others like him of great ability and honesty of purpose.

I have just a word or two further to say. I was in big business for many years and had much to do with labour and disputes between business and labour. I found that the large majority of labour leaders were honest, upright, devoted men, imbued with the spirit of doing the best they could for the men they represented, but wholly against a strike unless it became absolutely necessary. They have often told me, and it is true, that a strike does not pay either side. It does not pay the working man, because it means he is out of work and without his weekly pay envelope for as long as the strike lasts. It does not pay the employer, because his wheels are not turning and production is stopped. So I am absolutely convinced that the vast majority of labour leaders and of business operators are happy to avoid a strike and happy to see any dispute between management and labour settled by negotiation. That has been my experience. It is only the odd man in either camp who might want to have a row.

If this bill does what everybody hopes it will do, it will be a very good bill. It is along the lines I have advocated in this house for the past fifteen or sixteen years. There is no reason why the honest labour leader and the honest industrialist cannot sit down together with their feet under the same table and settle their disputes. I have seen it done many times. I have seen only one strike in the line industry in which I was engaged, comprising several plants, for many years, because the labour leaders there were sound, sensible, honest men, who wanted the best they could get for their men, naturally, but wanted, if at all possible, to avoid a strike. That is the type of man, both in labour and in management, that I have been dealing with all my labouring and business life. I have served in the labour ranks and paid my dues in a very large organization with which I was associated many years ago.

I am happy to see this bill pass and trust that it will realize the hopes of all of us.

Bill reported, read the third time and passed.

GOVERNMENT ANNUITIES ACT

PROVISIONS AS TO ISSUE, CONVERSION AND AMENDMENT

The house resumed consideration of the motion of Mr. Cote (Verdun) for the second reading of Bill No. 343, to amend the Government Annuities Act.

Mr. KNOWLES: Mr. Speaker, we have done a pretty fair day's work and perhaps Your Honour will call it six o'clock.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

Mr. STANLEY KNOWLES (Winnipeg North Centre): Mr. Speaker, by an interesting coincidence, it is exactly forty years ago tomorrow, June 18, 1908, that the Government Annuities Act was given second reading by this House of Commons. When one considers the individualistic ideas of that time, the act was indeed a forward step, and many Canadians have been grateful to the government of Sir Wilfrid Laurier for what they did at that time. I am afraid, however, that Canadians

generally will not feel so grateful about the changes being made in that act by the present government forty years later.

The parliamentary assistant to the Minister of Labour (Mr. Cote), in introducing the bill this afternoon, referred to some of the changes being made as administrative in character. He also said that in some cases the aim is to loosen up the rigidity of the act with respect to altering contracts, and I agree that those provisions are all to the good.

However, there are, in the amending act now before us, at least two provisions which I very much dislike. One of them is the provision that the rate of interest to be used in computing the rates for the purchase of annuities shall be tied to the rate of interest on government bonds, with certain qualifications which I need not go into at this time. That provision confirms the action taken by order in council just before April 19, which resulted in a considerable increase in the cost of annuities as from April 19 of this year. The other change which is provided for in this act and which I deplore is one that actually introduces an element of rigidity which was not there before.

I use that word, because the parliamentary assistant this afternoon boasted of the fact that in some respects the amendment was to get rid of some of the rigidities. I point out to him that this amending bill introduces an element of rigidity not there before, in that, from now on, government annuities will have to be taken out on the understanding that regular payments of the same amount must be made at specified intervals.

Previously it was possible to take out an annuity contract and make payments at any time in almost any amount. I think the minimum acceptable at one time was twenty-five cents. I have no doubt there have been some abuses of the wide latitude which was provided, but it seems to me that the government is going too far toward the other extreme in making contracts so rigid that people will be frightened from taking out government annuities. It will seem to many people another commitment they have to tie themselves to, which they might not be able to meet, and therefore there will be reluctance to take out annuities because of that feature.

I indicated at the outset that this legislation saw its birth in this house forty years ago tomorrow, and the parliamentary assistant has already given figures to indicate its popularity across the years, and in particular, according to the figures he gave this afternoon, its mounting popularity in the last five years or so.

As at March 31, 1948, 210,796 Canadians held annuity contracts. That number is not great compared with the total population of Canada, but it is a substantial beginning, looking toward the goal which the Minister of National Health and Welfare indicated last night, a contributory old age pension scheme that might enable Canadians to provide adequately for their own old age.

May I remind the house again that the preamble to the original act as passed back in 1908, being chapter 5 of the statutes of Canada for that year, in the reign of Edward VII, read:

> Whereas it is in the public interest that habits of thrift be promoted and that the people of Canada be encouraged and aided thereto so that provision may be made for old age; and whereas it is expedient that further facilities be afforded for the attainment of the said objects; therefore His Majesty by and with the advice and consent of the Senate and House of Commons of Canada enacts as follows . . .

Then followed the terms of the act itself. This indicated that even in those days, which are looked upon as having been more individualistic than is the case today, there was recognition of the partnership that could be played by individuals and the community in providing for old age.

On the basis of that legislation, despite the fact that until recently it has been given little advertising or publicity, over 200,000 Canadians now hold contracts. This means that as at March 31, 1948, there were 210,796 Canadians who had the beginnings of a contributory old age pension plan. Of that total figure I have given, 118,733 held what are known as individual contracts, and the rest, 92,063, held certificates in group plans.

May I characterize those two groups of people in another way? What it means is that the 118,733 Canadians who, at March 31 of this year, held individual plans were participants in a two-way contributory old age pension plan. The individuals paid and the government paid a small amount. The others, 92,063, were participants in the really desirable kind of contributory old age pension plan, a three-way plan; the three contributors were the individuals themselves, their employers and the government.

The government's contribution in both cases, until April 19 of this year, consisted of the whole cost of administration of the plan, plus an element of subsidy which came into the picture by virtue of the fact that the rates on annuities were calculated on the basis of a rate of interest a little bit higher than the government would have to pay on the open market. But since April 19, that element of subsidy has in effect been removed; and that new policy is confirmed by the bill now before us. From now on, the rates which must be paid for annuities are based on an interest

rate which is tied to the going rate of interest on government bonds. In other words, the government is putting into this fund nothing more than what it would have to pay to borrow that money anyway. This means that from now on, when an individual takes out an individual contract, it is a one-way contributory old age pension plan instead of a two-way one. It means that, from now on, individuals who take out certificates in group plans become participants in only a two-way plan, the contributions being paid by the individuals and by their employers, but no longer by the government. It seems to me that this is a step in the wrong direction, and I find it hard to understand the Liberal government of 1948 going back on the good beginning made by the government of Sir Wilfrid Laurier in 1908.

May I remind the house once again that this change in the basic interest rate that is used for computing the cost of annuities has had the effect of increasing the amount that people have to pay in order to buy them? The increases vary according to the type of plan, the age of the purchaser, and other factors; but in the main, if a person is sixty years of age or so, and is putting his savings into an immediate annuity as a lump sum, he will now have to pay about 15 per cent or 16 per cent more than he had to pay prior to April 19. On the other hand, if a person is twenty or twenty-five years of age or so, and takes out an annuity contract for which he will make periodic payments with a view to the annuity maturing at age sixty or sixty-five, he will have to pay from 36 per cent to 44 per cent more than was the case prior to April 19. That shows up the way in which the element of subsidy has been withdrawn, and it points out the way in which the government's contribution in this contributory scheme has been stopped.

As I have already indicated, it seems to me that is a reversal of a good Liberal policy of 1908, and I am indeed sorry that the government has taken this step. I have expressed this view before on the floor of this house this year, and it was inevitable that a certain amount of correspondence should come to me about this matter. I have been interested in the cross-section of the community from which this correspondence has come. It has come from individuals of small means and from workers, as well as from companies and concerns, who feel that the basis of a good three-way contributory plan has been badly upset.

As I indicated previously, this has the effect of introducing discrimination as between various people. It just does not seem fair that some of us who may have taken out annuity contracts prior to April 19 are able to buy our old age pension at a cheaper rate than is somebody else of the same age who takes out an annuity contract now. The same thing holds true with regard to employees working for one and the same firm. Employees in a particular firm who held their certificates prior to April 19 are buying their retirement at a cheaper rate than are those who have become members of the same company's group plan subsequently to April 19. I do not like it, and I am sure that the people of Canada feel the same way about it.

A good deal has been said, in defence of the government's action, about the need for keeping the fund actuarially sound. In reply to a question I asked on a former occasion, the Minister of Labour gave figures as to the amount of money that the government was having to put into this fund, not only to pay for the cost of administration but to make up the accruing deficit. The minister said something to the effect that common sense would dictate a change in policy in order to avoid these mounting deficits. I believe the figure—and I will give an outside one—ran to something like $1,500,000 altogether for administration and for making up the deficit for the last year for which the minister gave the figures.

To some people this seems to be a final argument, that we should not be spending money which one might call the meeting of a deficit. Actually it is a subsidy; and, as hon. members know, we in this house certainly subsidize a great many things. Some of us want to see subsidized some things that are not yet on the list—such as food and other necessities the prices of which have gone sky high. But surely this is one thing that is deserving of a subsidy from the public treasury, namely, the attempt of people to help to provide for their own old age. I know the argument which is sometimes used is that it means that several million people must pay taxes in order to help a few hundred thousand achieve this purpose; but the result is that you make it possible for those few hundred thousand to keep from going on the other old age pension; that will save money for those who pay taxes. You also get established the beginnings of something that could be enlarged to a universal scheme.

I suggest that the arguments about deficit financing do not hold at all. If we can afford, for example, to forgo $5,000,000 of federal revenue this year in order to make the change in the income tax law that the Minister of Finance made a few weeks ago, then we can afford $1,000,000, $1,500,000 or $5,000,000 a year for a purpose of this kind, namely, to help

Canadians in all age brackets to provide, adequately and in a dignified way, for their own old age.

Another argument put up against the plan as it was in existence before has been that it did not seem logical for the government to pay four per cent on money that was put into annuities when it was paying on other borrowings, say three per cent, or whatever the figure might be. I again remind the government that there is a considerable difference between money that is put in government bonds which you can redeem at a stated period or at any time and money that you put into an annuity which you can never get back except by attaining your retirement age. If the government had to sell bonds with a condition of that kind attached to them, the government would certainly have to pay four or five per cent or more to get money of that kind. Therefore the two things are not at all analogous.

There may be general approval, in this house at any rate, of the proposal to increase to $1,500 the maximum amount of an annuity. That is in keeping with the fact that the cost of living has gone up. Whereas $600 was a good annuity forty years ago when Mr. Fielding brought in his bill, that is no longer the case. Neither is the $1,200 which has been the law up until the present time. I point out, however, that to the great mass of people who would like to provide something for their old age the possibility of taking out an annuity of $1,500, which they cannot afford, is small consolation for the fact that they have to pay more for the $800 or the $1,000 or possibly the $1,200 annuity which they might have been able to afford under the old rates.

We will not object to this increase, but I say it is small consolation. What the people of Canada want, individuals and people who work for companies that are trying to establish these pension plans, and companies themselves, is a return to the admittedly subsidized basis. That was the beginning, as I say, of a contributory plan. I emphasize again that, in the case of group contracts, this had the merit of being a three-way contributory plan.

I have already made reference to the change that is provided for in the act, by means of which payments will now have to be made in a stated amount at regular intervals. I just want to say again that this sort of thing will make government annuities less attractive to a great many people. I have been led to believe that there may be some way in which some exceptions may be made; but the wording looks pretty tight to me in the section that deals with this matter. It has all the earmarks of a change designed to lessen the sale of government annuities.

A while ago I gave the figure as at March 31, 1948. The total number of contracts in existence then was 210,796. That figure includes 14,237 individual contracts taken out in the year ended March 31, 1948, not to mention group certificates. That was the largest number of individual contracts ever taken out in any one year. Even after that, during the first nineteen days of April, 1948, or in other words, prior to the day when the rates were changed, 1,519 individual contracts were taken out. That number of 1,519 individual contracts taken out in the first nineteen days of April, 1948, was larger than the number of individual contracts ever taken out in any single month during the history of the annuities act. In other words, this plan was beginning to become very popular. It looks to us, and it looks to a great many people, as though insurance companies and others, who were finding this plan competition which they could not meet, were able to use their influence in such a way as to bring about a change which makes this plan not nearly the useful one that the Canadian people have found it to be in the past.

I say again, Mr. Speaker, Sir Wilfrid Laurier's government back in 1908 took a forward step when they brought down this act forty years ago tomorrow. I am sorry, and the Canadian people are sorry, that this backward step is now being taken, and I hope that even yet the government might reconsider its position and restore the rates for these annuities to the rates that were in existence prior to April 19 of this year.

Mr. LEWIS MENARY (Wellington North): I should like to say a few words on these annuities. I might say that if you are twenty-five years of age and far-sighted enough to plan ahead to when you will be sixty-five and want to retire on $100 a month, it will cost you $186.12 a year instead of $129.12, or 44 per cent more to do so now with the dominion government annuities than before a recent order in council cut the interest rate from four to three per cent. If you are twenty, the new plan will cost you $151.44 a year instead of $101.28, or an increase of 49·5 per cent; if thirty-five, $295.08 instead of $218.64, or an increase of 35 per cent, and if forty, $385.08 instead of $294.48, or an increase of 30·8 per cent. These figures were listed recently by W. D. Welsford, manager of William M. Mercer Limited, independent pension consultants, to show how cutting the interest rate by one per cent boosted the new rates.

In relation to company retirement plans for their employees, the difference is even more startling. Under the new rates it will cost a

firm 130 per cent more to finance the pension of a forty year old worker than under the old. A firm with five hundred workers, considering a retirement plan based on the annuities, will pay an additional $150,000 for past employees' service just to get the scheme in operation. In ten years the one per cent interest cut will mean $200,000 from this one company's treasury.

Setting back mortality tables by three years, in addition to the interest cut, is another blow at the annuities. Such a revision is not justified on the basis of a group plan. Even the insurance companies are not using as stiff a table as this, and they are making money.

Another factor that will affect the popularity of these annuities is that it will no longer be possible to pay odd amounts at odd times at the post office toward the annuity. Hitherto you could pay as little as twenty-five cents a week, or prepay as much as $1,000 if you had the ready cash. Now the annuities are on a firm contract basis, and special arrangements have to be made for prepayment, while arrears must be paid within reasonable limits, according to the government announcement.

However, there is nothing to indicate that people who bought their annuities before April 19 will have to change their method of payment. Keeping the two classes of customers apart may turn out to be an administrative problem of headache proportions. What if the dominion government bonds which now pay 2·95 per cent could not be cashed in at any time? They certainly would not be as popular. Where else can the government borrow money at three per cent, as they will be able to with the new annuities?

Another point is that if the government annuities are made less attractive, it will not mean that pension plans and individual annuities will be purchased from insurance companies instead. It will mean that they just will not be purchased, and the possibility of old age security within the framework of private enterprise will disappear.

Still another point is that if annuities remain attractive, Canada's expanding population and level of business activity would result in more money being collected by the government in premiums than would be paid out and that this could be an anti-inflationary measure.

Unless cash surrender values are offered, a lowering of the interest rate will mean relatively few government annuities sold. A larger part of corporation funds will be directed to plant investment and the payment of dividends and the important deflationary force will disappear.

An upward movement in interest rates has started which should increase the insurance companies' earnings beyond four per cent. If insurance company contracts did not have to bear such a high loading for commissions and expenses, it should be possible to make them quite competitive with government annuity contracts, particularly since the insurance company contracts offer cash values, and the government annuity contracts do not.

It has been suggested that the $1,200 a year limit should be raised to $2,000, because a couple can no longer retire comfortably on $1,200 a year.

Many people bought annuities by the small payment plan. Parents saved this way to educate their children to fit them for different walks of life. I think our government with the huge surplus on hand have forgotten that perhaps never in the history of Canada have our people found it as hard to make a living and raise and educate their children. It is difficult for most Canadian citizens to understand why the government should lower the interest rate on annuities, while at the same time the policy of the Bank of Canada has been changed so that interest yields on government and other bonds are increased.

Mr. JOHN R. MacNICOL (Davenport): Mr. Speaker, I am not so sure that the change in the interest rate from four to three per cent will not defeat the purpose the framers of the original act had in mind, namely, to have as many as possible of the lower-paid classes take part in a government scheme of this kind, because that will increase the cost to the annuitant.

I am aware that at page 59 of the report issued by the Department of Labour it is stated that about $977,089 had to be transferred from one account to another, evidently because reserves had run down. But the report does not state that this transfer of money occurred as a result of the lower rates before 1936, or how much of it occurred after the rates were raised in 1936, when they were advanced 15 per cent. I think that should have been stated, because perhaps before 1936 the rate was too low. However, the advancing of the rate by 15 per cent in 1936 should have made the program self-sustaining. Those who were interested before that time should not be penalized if the rates were not high enough.

I have the idea that the bill should not be proceeded with at this session. It should be deferred until next session, so that a special committee could be set up to which actuaries from outside as well as the department's

actuaries and other experts could be summoned to give the committee facts and figures as to whether the rates should have been again raised.

The rates have already been raised several times; and since 1936, they had to be changed again in 1938. Some rates were up and some were down, which goes to show that whoever prepared those rates was not sure of what he was doing. Perhaps the present state of affairs is not satisfactory. Maybe the rates should be raised again; maybe they should be lowered again.

That is why I feel action should be deferred until next session, so that a parliamentary committee set up by the house would have power to call witnesses to advise as to whether the rate of interest should be lowered from four to three per cent, and whether all the other insurance rates should remain as they are at the present time or not.

I have always supported government annuities and looked upon them as something for the benefit of the ordinary worker. The facts show that the subscriptions are to a greater extent taken up by that earner class, because of those who arranged for payments up to $1,200 a year, about 90 per cent arranged amounts less than that. This shows that the investors were people of ordinary means. I shall not repeat what I said on the first occasion this matter was discussed, when I opposed the reduction from four to three per cent. In my judgment action should be deferred until another session to allow a proper investigation by a parliamentary committee.

Mr. J. L. GIBSON (Comox-Alberni): Mr. Speaker, for the second time today I find myself opposed to the government on a matter of policy. At this time it is extremely unfortunate that the government has taken this opportunity to show its lack of co-operation with the employers of Canada in the attempts they have been making in increasing measure to provide security for their employees in their old age. I believe the average forward-thinking industrial concern in Canada has been greatly interested in the welfare of its employees who reach the age of retirement.

I know the minister himself is much concerned with the difficulty the older people are having in finding employment after they reach the age of forty-five. I notice that the C.C.F. party have taken occasion to castigate one of the larger lumber operators in British Columbia. But I would point out to the minister and also to the C.C.F. that this very concern paid a good deal over a million dollars into the government annuities fund this year, paying up back pensions of its employees, thus allowing those employees to take part in the pension plan without any payments being made on their part, and also providing this year's payments of employees' annuities.

At this particular time it might be wise to call to the attention of the government its niggardly treatment of civil servants. I do not wish to be unkind or unfair, because I think there has been too much said by hon. members opposite about judges' pensions and pensions of transport commissioners; but I do feel that in many departments of government the treatment has not been generous. For instance, I know of a lifeboat man who had worked with the Department of Transport for the last thirty-five years and who had never been given an opportunity by the government to contribute toward his security in old age. At a very late date, when this man was getting very old, he was allowed to contribute to the scheme. However, instead of the government doing as forward-looking private employers in Canada have done, namely, paying up the back pension, the government has asked these men to make their own back contributions out of their pensions. The lifeboat man I have in mind retired at the age of sixty-eight with a pension of $40 a month from which the government deducted $17 as back payments, leaving a net pension, after thirty-five years of service, of only $23 a month.

Mr. BLACKMORE: Sounds just like the Liberals.

Mr. GIBSON (Comox-Alberni): I do not think the government can be proud of that record. It seems to me that this would be a wonderful opportunity for the government to encourage industrial employers throughout the country to co-operate with their employees, to take an interest in the welfare of the men who helped to contribute to their business, and who made their business successful.

I am sure every dollar we spend this way in connection with these pensions, or the subsidies we pay in these annuity plans, is worth $10 of the moneys we spend in the settlement of industrial disputes. Sometimes I think the higher strategy committee of the government wonders why they lose by-elections. I think today's vote on the labour bill must give them some kind of idea as to why they may not always expect the 100 per cent support of labour.

The very fact that the government has denied people living in the outlying districts the privilege of having some kind of refrigeration, the opportunity of importing even a small number of kerosene refrigerators from the United States, does not make friends for

the government. In a case of this kind, every time an employee comes in and finds that he is paying a higher rate for his pension than those who entered the scheme last year, they will be conscious of the fact that they are being discriminated against.

The government has not been wise in bringing in this legislation.

Mr. JOHNSTON: They are just not wise.

Mr. J. G. DIEFENBAKER (Lake Centre): Mr. Speaker, I wish to protest against the action taken on April 19 last by order in council in connection with this matter. I can find no better summary of the effect of the order in council than that which appeared in an editorial in the Ottawa *Citizen*. It summarizes my viewpoint on the question; indeed I believe it summarizes the viewpoint of many thousands of people throughout the country. I quote from it:

> Because of this ill-considered decision sales of annuities to persons of modest means will decrease, the number of employees covered by pension plans will be lessened, the cost of such plans raised unnecessarily and the savings for old age discouraged.

This annuity plan represented an arrangement between the government of Canada and those who would enter into contracts believing that the provisions of the annuity plan would remain in effect. The changes that were made have never been justified by the minister. At the time of the change he did give an explanation which did not appeal to the reason of many members of this house and of many people in this country.

If there is one thing more than any other that will preserve private enterprise in this country it is the encouragement of industry to enter into retirement plans with a view to assuring a measure of security for their employees which too often in the past has been denied. As the hon. member for Comox-Alberni (Mr. Gibson) has stated, many industries entered into this arrangement with a view to discharging their responsibilities to the end that private industry would not, at the expiry of the period of service on the part of their employees, place those employees out of work and a charge upon the country as a whole.

The annuity plan has been working out to the advantage of thousands and thousands of people who are under these employer-employee contracts. Without any warning, and indeed, without any justification, a decision was made which I do not believe represents the views of the minister and his department. We do not know why that change was made. We do not know who suggested it.

A commission was set up some years ago under the chairmanship of Mr. Justice Ives, a former chief justice of Alberta, to inquire into the taxation of annuities. It found that eighty-seven per cent of the recipients of annuities held contracts for less than $900 a year, and that three-quarters of the annuitants were receiving less than $600 a year. It is something that benefited men and women with low incomes; it was not taken out to any extent by those with large incomes. According to the findings of the commission only 131 annuitants, or less than one-half of one per cent, were drawing over $1,200 a year, to which figure the amount of individual annuities was restricted in 1931.

In my opinion the action taken by this government constitutes a backward and improper step. The situation was summarized by the financial editor of one of the great newspapers in this country, who said:

> . . . the change will sound the deathknell for a number of industrial pension plans now in the process of being set up.

One of the arguments used over and over again against private enterprise is that employers in business fail to assure the measure of security that they ought to for their employees. Because of the rates that were available and because the contracts they entered into were with the government, many employers entered into such contracts believing that the government would continue similar provisions in all future contracts. Even yet the minister should give reconsideration to the decision made by the order in council of April 19. Some reforms and changes should be made in the provisions of annuities; but to interfere with the principles of contracts is a denial of principle which cannot be denied.

I realize that it is almost useless to protest against what has been done, but I want the house and the country to know that in my opinion the action taken by the government was unjustifiable and should not be accepted by parliament.

Mr. ANGUS MacINNIS (Vancouver East): Mr. Speaker, I want to say a few words on the second reading of this bill. The case against it was put most excellently by the hon. member for Winnipeg North Centre (Mr. Knowles). The purpose of the annuities act when it was put on the statute books forty years ago was to help people with small means to save for the time when they would no longer be able to earn. We should not overlook that purpose.

We are now paying old age pensions to many people who are over the age of seventy years, and there is a growing demand that we begin paying these pensions at the age of sixty-five years. According to the statement given the

other evening by the Minister of National Health and Welfare (Mr. Martin), we know there are now 275,000 persons receiving old age pensions. According to the figures given tonight by the hon. member for Winnipeg North Centre, something over 210,000 are paying into the annuity plan.

Surely we should not place too much emphasis on the actuarial soundness of this scheme. The hon. member gave the deficit as being $1,500,000, including administration. If we take the number of persons paying into the scheme, this means about $7 a year per person. Surely it is worth $7 a year per person to this government to encourage people to pay into a plan of this kind, so that when they reach the age of sixty-five years, or whatever the retirement age is, they will have sufficient to look after themselves and not have to come to the state for old age pensions.

I think it would pay the government—by government I mean the people of this country, because, after all, it is the people who must pay the deficit—to make up this deficit. This government is contributing to a number of old age pensions, some in whole and some in part.

The contributions made by the government in 1946-47 to the civil service superannuation fund amounted to $3,160,000. Let it be clearly understood that I am not objecting to that; but consider the comparatively small number for whose benefit that was paid in comparison with the number of those who are trying to put something aside through the purchase of a government annuity in order that they may have some independence in their old age. It may be said these civil servants are working for the government and, because of that, they have a claim on the government for assistance in building up a superannuation fund. But I say they are no more working for the government than the great mass of the Canadian people who are working on our farms, in our factories, in our mines and in the mills, or wherever they may be, producing the wealth of this country. The minister is not in the house at the moment, but I suggest to his parliamentary assistant and to such members of the government as are now present that they reconsider this bill in all its implications and suspend discussion on it, so that further consideration may be given either to withdrawing it or to amending it drastically.

Mr. G. H. CASTLEDEN (Yorkton): Mr. Speaker, the bill before us decreases the rate of interest paid to annuitants and diminishes the benefits of an annuity bought under this government scheme. It is difficult to understand the policies of the present government in these days. One might expect retreat from good social legislation by a reactionary government. One would expect such a step as this in days of decadence, but it is not the sort of thing one would expect from a Liberal government. Today the Canadian people realize that a government annuity within the reach of the average Canadian citizen is both good government and good business, and the people of Canada are expecting the government to move in that direction. Instead, we find that the government is placing these government annuities a little further beyond the reach of the average citizen. In other words, a government annuity costs more and the returns from it are less. It can mean only one thing. It means that fewer people will buy government annuities and get the benefit of an annuity in their old age from the Canadian government. If we could get twice or three times as many Canadians to subscribe to a government annuity fund and get its benefits, we would save at least that much in the amount we have to pay out in old age pensions.

It is good for the people of a country to feel that they are providing for themselves in their old age through a government annuity scheme. The tragedy of poverty overtaking people in their declining years is only too evident in Canada today. Instead of doing something to relieve that situation and making people happier and more contented, we find a Liberal government making these annuities less attractive; going in the wrong direction altogether by placing these annuities further out of the reach of the people of this country. I do not know why the government is retreating from this field. I do not know whether they favour private enterprise moving in to occupy it, but I know that some day the real cause will be exposed. We cannot do much more than protest against the step that is being taken here, and we shall continue to protest against it. I assure the government of this, that they are moving in the wrong direction.

Mr. HARRY R. JACKMAN (Rosedale): Mr. Speaker, I am greatly surprised that the government should bring forward this measure to make it much more difficult than it has been for Canadian citizens to make some provision for their old age. I should think, with the social conscience which has developed in this country within the last fifteen or twenty years, that wherever there was some evidence of self-help on the part of our people, the government would certainly not discourage that tendency but would rather encourage it, even though it might have cost $1,500,000 each year, so that our Canadian people might by

their own provision look forward to having some financial resources in their old age.

This bill not only reduces the interest rate from four to three per cent, but it makes the mortality table more severe, so that the cost goes up against the annuitant. Administrative costs, which in the case of all social measures such as the family allowance and so forth, have been borne by the government, will now be saddled upon those who are trying to help themselves in a very modest way by providing an income of $1,200 or less per annum for themselves; and the bill increases the maximum annuity by $300, making it $1,500 altogether.

What is the true rate of interest on money? This government, by its managed economy, by the operation of the Bank of Canada, has forced interest rates down, not to four per cent but to three per cent, and in recent years even less than that. We all remember when government bonds sold to yield five per cent; and I can recall Ontario bonds, when the credit of the province was as good as that of the dominion, selling to yield six per cent. Has the minister told us what the average rate of interest on Canadian bonds has been during the last twenty to thirty years? No, he has not. He would probably have to say it was in excess of four per cent, which up to the moment has been the prevailing rate on government annuities. But now, through the government's own manipulation of credit, having forced the rate of interest on bonds down to three per cent, it seeks to apply that rate against our citizens who are trying in a very modest way to provide some financial resources for their old age.

But in addition to having forced the interest rate down, what kind of dollars is this government giving to the people of Canada who, during the last twenty or thirty years, have been paying their hard-earned money into this government annuity scheme? Certainly they are not the same kind of dollars that were paid in. The government has benefited because, through the drop in the value of the dollar, the government, which got paid in three bushels of wheat or in three hours of work, is now paying it back at the rate of two bushels of wheat or two hours of work. Where is the fair play in that? Where is the even break which the government should give to its own citizens who have the foresight to try to look after themselves. The government has gained a tremendous amount in actual dollars under this annuity scheme. The so-called monetary loss of $1,500,000 a year does not begin to offet the actual gain which the government has made because of the changed value of the dollar. You pay in when the dollar is a hard dollar, and the government pays out when the dollar is worth half as much.

I should also like to point out that under our old age pension scheme such as it is today we have the means test, which is an abomination and which accounted for the loss of seats to a certain political group in the province of Ontario recently as much as any other one thing did. Certainly in my own riding, provincially speaking, it was without question one of the greatest factors, and no differentiation was made between the dominion government and the provincial government in regard to the contributions or the administration of old age pensions. The means test, I repeat, is an abomination.

I cannot understand for a moment why a young person starting out in work, who never expects to get a very great deal, because of his position or his contribution to our society, should save, since he is little better off at the end than if he had spent all the money himself. The old age pension comes along, and if the pensioner has some capital that he has saved he will not, because of this means test, get the benefit of his own savings.

To come to annuities in relation to old age pensions, as long as this system obtains, if a person has any income he or she does not get the old age pension, and that is another channel through which the dominion government has to date, although I hope it will not benefit much longer, saved for itself a great deal of money.

It would be interesting to know on whose advice the government has seen fit to introduce this measure. Is it on the advice of certain interested parties in this country, or is it on the advice of its own financial advisers? I think it would be of extreme interest to the house, if the minister, or the parliamentary assistant in charge of the bill, would indicate to us just where the suggestion came from.

There are objections on the part of some institutions which sell annuities that it has been unfair to them for the government to quote lower rates, but I believe the social significance of government annuities far outweighs any objections which they might have.

It has also been pointed out that well-to-do people have taken advantage of the government annuities system whereby they can get four per cent interest on their savings rather than three per cent if they invested those savings directly in government bonds. But there are comparatively few people in that class who take advantage of it; and, as has been pointed

out by one of my colleagues, the average annuity under the government scheme is for less than $600.

The bearing of this change upon the employee retirement plans will be of great significance. It has been an inducement for corporations to inaugurate retirement plans, using dominion government annuities as the basis, because there was at least some semblance of a fair return on contributions by employer and by employee when four per cent was allowed on them. It might be said that everyone does not share in these government annuities, and that is so. They are not universal, but they are open to all. Yet the government sees fit to discourage those who are willing to exercise some measure of self-help.

I cannot refrain at this moment from saying a word about the government's attitude, now as in past years, towards government annuities. It is only a matter of four or five years since the Liberal government caused Canada to break its word for, I believe, the first time on record, when, after having sold these annuities on the basis of a limitation of $1,200 per annum, which would be tax free, the government changed the method of taxation and subjected them to income tax. Subsequently seeing the wrongfulness of that action, they retraced their steps to some extent, and a new provision was passed whereby only the income-earning element and not the capital of the annuity was taxed. I think it is now on a fair basis; nevertheless the government has not wiped off the stain left on its escutcheon when it committed a breach of faith and broke the word of the dominion with people who had purchased the annuities.

May I also point out that when it is said that these annuities under the present four per cent rate are costing the taxpayer generally a certain amount of money, even though it is small, there are many things under our system as it obtains today wherein there is not complete fairness or equity. I shall mention the retirement plans which exist under many corporations and institutions, and even under the government itself.

There the worker is allowed to deduct, let us say four or five per cent of his wages and have the amount paid into the retirement plan before taxation, and in practically every case the corporation or employer will contribute a similar amount which does not enter into his taxation bracket. Ultimately, when the employee benefits, when he is retired, the amount he gets is taxed, but it is obvious to all that at that time the former employee's income bracket is such that he is subject to little or no tax. Yet the great bulk of our citizens are not fortuniate enough to belong to institutions, whether the government or large corporations, that can afford to put into operation these retirement plans, so that they cannot save before taxation as can hundreds of thousands of our citizens who do come under these retirement plans which get the authorization of the Minister of Finance.

So there we have one continuing form of discrimination, if the government wishes to rely on discrimination as the basis for making this change in government annuities. I believe, and certainly the Progressive Conservative party believes, that we should make adequate provision for the old age of our people, and we believe that it should be made under a contributory old age pension scheme.

When a young man or a young woman starts working, he or she should start contributions to a plan; the employer should make a contribution, and the state should make a contribution, so that when that young man or young woman reaches the age of retirement, he or she can retire with a competence which is at least decent and not insufficient to keep body and soul together.

I believe it is an essential lack of sincerity in any party which believes in a contributory old age pension plan if it feels that it can support this bill, which makes it more difficult for our people to provide a reasonable measure of social security for themselves. Certainly I for one believe, in fact I not only believe but I think I may say I know, that with the resources and the prosperity of the country we must put a floor of social security under our people.

This government, however, in introducing this change in the annuities act, is making it more difficult for the individual to put a floor under himself. So that the government is not living up to what might be considered its declared principles, and certainly the Progressive Conservative party believes in a contributory old age pension scheme in which there will be a contribution by the state. The amount that is now given by the government under the dominion annuities scheme is a very small contribution. We must have a floor of social security under our people, and we must keep the gates of opportunity open, so that above that floor there will not be a limit which will discourage the best efforts of our people.

Mr. HOWE: I move the adjournment of the debate.

Mr. KNOWLES: Adjourn it for six months.

On motion of Mr. Howe the debate was adjourned.

SUPPLY

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

DEPARTMENT OF TRADE AND COMMERCE

440. Departmental administration, $272,600.

Mr. BLACKMORE: Before this item carries, I should like to make a few observations. Having gone over what the minister has said with respect to his general policy—

The DEPUTY CHAIRMAN: Order. I must ask hon. members to moderate their voices. It is difficult to hear the hon. member who is speaking.

Mr. BLACKMORE: Having gone over with some care what the minister has said with respect to his general policy, I am happy to be able to express approval of his general outlook, attitude and aim as he has expressed it. He realizes that one of the serious problems confronting the country at the present time is the shortage of United States dollars; and he is undoubtedly seeking to organize the economy of Canada in such a way as to safeguard her against too serious difficulties arising out of that condition. But I believe the minister will have to adopt measures, or at least that he will have to cause the government to adopt measures which are not implied in anything which he has said up to the present time.

I should like to talk for a short time about this United States dollar shortage. It seems to me that not enough attention is being given to it in a general way. The United States dollar shortage is not something new. It is not a postwar phenomenon. It is not a temporary or passing ailment which the world can sleep off, work off, outgrow or, by natural means, recover from. The United States dollar shortage is rather a malignant malady, like pernicious anaemia, diabetes or rheumatoid arthritis, developing from deep-seated, fundamental, organic causes. If we are to cope successfully with this United States dollar shortage we must seek out those causes and remove, cure or counteract them.

When did the shortage of United States dollars become a reality? I find the general impression to be that the United States dollar shortage is something resulting from the recently finished war. But such is not the case. The United States dollar shortage began to develop right after 1919 when the United States became a creditor nation with high tariff protection. It became pronounced by 1926 and continued so through 1929.

I think a word or two of comment is desirable at this point. Great Britain was a creditor nation for a number of years, but you never heard of a shortage of British pounds. Why was it that all through the one hundred years preceding world war I you never heard of a shortage of British pounds, while immediately the United States becomes a creditor nation you begin to hear about a shortage of United States dollars? Why was that? The fundamental reason was that when Britain was a creditor nation she always accepted goods from abroad in payment for her own goods. But when the United States became a creditor nation she refused to accept goods from abroad in payment for the goods she sold. This is one of the fundamental facts that it is necessary to keep in mind in order to comprehend the general situation in which we find ourselves.

I would say that the shortage of United States dollars developed immediately after 1919, just as soon as the United States became a creditor nation. From 1919 through 1929 the United States provided by loan some $7,500 million of new capital to other countries, more than the total of similar issues floated in the United Kingdom, France, The Netherlands and all other capital-lending countries combined. In the nineteen-thirties such loans came to a complete standstill, while a heavy net inflow of capital came into the United States from other countries. Hon. members will find this matter scientifically, interestingly and authentically discussed on page 31 of "The United States in World Economy," a book in the library of parliament. Again, more than $900 million a year had to be paid to the United States by other nations as fixed debt service obligations of those nations to the United States resulting from world war I and from United States foreign investments or loans abroad. Hon. members will find this also discussed in "The United States in World Economy" at page 31.

United States tourists spent abroad more than $6 billion between 1918 and 1939, and only slightly below $500 million in 1929. This is also well discussed in "The United States in World Economy" at page 75. But these tourists' expenditures almost completely ceased after 1929. The reason why it is wise to discuss the matters which I am now discussing is that we are likely to see a repetition of these things which occurred in the United States between world war I and world war II. If we are to have ourselves strong enough and well enough cushioned to resist successfully the impact of untoward conditions in the United States we shall have to govern ourselves with extreme wisdom and vision.

How serious is this United States situation at the present time? The United States normally sells the world $12 billion worth of goods more than she buys from the world a year.

The United States puts the world into debt $12 billion a year. This is the estimate which is made by the London chamber of commerce in a pamphlet which they issued on September 30, 1947, dealing with the economic crisis. Their estimate is given in paragraph 12, in which they say:

> The shortage of dollars is not a United Kingdom problem; it is a world problem. So long as exports from the United States of America annually exceed their imports by some £3 billion, or $12 billion, the world will be short of dollars to that extent. In other words, so long as the United States has a "favourable" balance with the world of £3 billion the world must have an "unfavourable" balance with the United States of the same amount.

This amount has an important bearing on the conduct of our own trade and commerce department, because we must be prepared to meet that situation. The minister has wisely planned his activity, in large measure, to meet this situation.

This tremendous favourable balance of trade which the United States has every year constitutes one of the major economic problems confronting our generation. This fact is one of the major fundamental causes of the world's dollar shortage.

Normal economic trends of our time are aggravating, and must continue to aggravate, this fundamental disequilibrium in the world's trade. The United States productive capacity was greatly expanded during world war II, as hon. members well know. Consequently we shall find the United States prepared to do what it did between the two great wars, only on a much wider scale. Roosevelt made a declaration in October, 1944, in a broadcast which he delivered at that time, in some such words as these: I mean to find jobs for sixty million American people by tripling the United States export trade. The United States is simply determined to destroy British preference. It is determined to destroy the British sterling system, both of which are measures by which the shock of United States economy on the economies of the British commonwealth could have been cushioned. The United States is expanding its carrying trade. The minister himself points out the difficulty which we might encounter by reason of the fact that the United States is insisting on carrying fifty per cent of the ERP goods in its own bottoms. Formerly Great Britain used to carry much of the United States goods; but today the United States is coming more and more to wish to carry its own goods, which makes it more difficult for other nations to obtain United States dollars. The United States people do not seem to realize what the result of this policy is. They are simply following the policy because it looks to them to be good business. They are fearful of unemployment and fearful of depression; consequently they are in a sort of panicky mood at the present time. They are apt to do things much more to the detriment of the world, as far as trade is concerned, than they did before the war. They are refusing also to distribute their goods internally by any means other than those they have already used during the past several decades, and this is not a comforting sign. Besides that, the United States have managed to get most of the other nations depending upon them for goods. This seems a strange thing. We can understand why Canada should be dependent upon the United States temporarily for coal, steel and oil; but how did nations like France, Belgium and other nations in Europe come to be dependent upon the United States for goods to such a large extent within the last fifty years?

There are several reasons which might be worth examining for a minute or two. They are not all the result of the war. The United States productive potential was simply tremendous after world war 1, owing to the variety and richness of their resources, their extensive industrial development, and their great population, all of which enabled them to engage in mass production, which resulted in cheapness. Also United States goods are attractive to most nations because they have a sort of American newness and romance. These various influences have resulted in nations abroad buying United States goods even to the point where they were ceasing to produce their own. The result is that they came to be dependent upon the United States for goods, so that in large measure United States goods have destroyed the industry of a good many nations.

The people of the United States have also insisted upon an application of the unconditional most-favoured-nation clause. I do not propose to go into a discussion of that tonight. There would be a bit too much detail for the purposes of this talk, but that matter has had a great deal to do with the destruction of industry or the arresting of development in the nations of western Europe, and in some other parts of the world. All these things have tended to cause the peoples of the world to be dependent on United States goods.

There are many reasons resulting from world wars I and II which have also had the effect of causing the nations of the world to be dependent upon the United States. There is serious doubt whether we shall ever be able to regain the balance which existed between the United States and the rest of the world before world war II; and it is almost

certain that we shall never be able to restore the balance which existed before world war I. To some extent it is because of what happened to Great Britain, because of her losses during these two wars, losses in foreign investments, in shipping, in financial strength and so forth.

So much for that aspect of the situation. What is the international trade position of the United States today in addition to what I have already said? The relative industrial importance of the United States over the years 1925 to 1929 was placed at 46 out of 100 for all countries, including the U.S.S.R., or 48 out of 100 excluding the U.S.S.R. This computation was made by the economic intelligence service of the league of nations, and published in "World Production and Prices, 1935 to 1936" in 1936, at pages 21 to 22, according to "The United States in World Economy" published in 1943, at page 29. This gives us a chance to get some idea of the impact of the United States on the world economy. That impact must be vastly greater today as soon as anything like a condition of normalcy can be brought about.

A comparison of purchasing power as indicated by estimates of national income shows that the national income in the United States in 1929 was as high in terms of dollars as in twenty-three foreign countries combined, including the United Kingdom, Germany and France. We find this discussed in the "United States in World Economy" on page 29. The result of it all can be well summed up in these words which I shall quote, from page 31 of that publication:

> In brief the United States not only has exerted a tremendous influence on the world economy but also has shifted its influence with peculiar force. The impact of domestic economic developments on the rest of the world and the repercussions of its policies in the international sphere can scarcely be over-rated.

Therefore there is a dangerous and persistent threat of shortage of United States dollars facing us.

What should be the policy followed by our government? Here I shall begin to have something to say with regard to the minister's conduct of his department.

First of all, I would say that the policies the government is now following, except in so far as they are directed toward making Canada more self-sufficient, will aggravate the trouble from which we are suffering. I do not propose to go into detail; but I wish to say earnestly to the minister that when his government accepted the Bretton Woods agreement they complicated the situation tremendously for themselves. And when they took part in the Geneva trade agreement and agreed to some of the principles which were discussed and agreed to therein they complicated the situation for themselves far more than they realize today. Probably they will not realize it for two or three years; but they will eventually.

When they agreed to non-discrimination and the most-favoured-nation clause as envisaged by the Geneva trade treaty, and the impairment of the British preference with the establishment of the international trade organization, they took on commitments which will not be in the interests of Canada or of the rest of the world, with the exception of the United States. And at the Havana trade conference, when the nations accepting the agreement agreed that once they had bound imperial preferences, for example, they would never change them, they did something very serious indeed. Especially when the United States were not bound to any such agreement—their policies could change with their governments—we see how serious the situation was.

The present orthodox financial system both domestically and internationally is hopelessly inadequate. I do not propose to discuss that now. Once again may I say most earnestly to the minister and members of the house, and to anyone who might be interested: You simply must change the financial system we are using both internally and externally or disaster will face us.

A nineteenth century international financial sytem has definitely proved itself unworkable; and in a general way the shortage of United States dollars is proof of that. Moreover, nothing effective is being done about the matter by this or any other government, so far as I know. Nothing is being proposed about it. The simple fact is that the world is buying five billion pounds of goods per annum, we will say, from the United States, and the world is selling to the United States only two billion pounds of goods per annum.

Perhaps I should discuss that point for a moment or two. I have noticed in the banking and commerce committee, and in other places I have heard people talk, and in articles I have read, that somehow or another the people in Canada who should know a great deal better seem to have the idea that, in some fashion or another, the United States will get to the point where she will accept enough goods to enable us to get dollars enough to carry on. That is what the United States would have to do. Just imagine that the United States began to buy from abroad $12 billion more goods than she is buying now! Can you imagine that? Can you

imagine her doing that in a year? That, of course, would be in addition to all the interest owed. And if she did do it, what would it do to her economy? Why, it is just inconceivable.

On the other hand, let us suppose that the world decided not to buy United States goods or to purchase goods to the value of $12 billion a year from the United States. What would happen to the United States? Nothing more needs to be said to show the absolute—I was going to say "stupidity"—the absolute simplicity and naivety of people who suppose that the United States can be persuaded to buy enough goods to enable people to get the United States dollars they need in order to carry on the affairs of the world. If the United States can never be brought to the point where she will either buy other people's goods, or refrain from selling them her own, then obviously the international financial system has broken down and cannot work any longer.

This is not a matter we can ignore. It is one of the serious symptoms in the patient which may result in death. No other proposal has been made. I have asked personally two of the government's best authorities before the banking and commerce committee in the discussions on the Geneva trade proposals what they thought would be the means of overcoming the difficulty in connection with the shortage of United States dollars. They just seemed completely bewildered. All they had to offer was hope. Well, hope is, I know, a potent force, but, after all, we have to have some technique in order to arrive at results—something in addition to hope.

A presidential speech was delivered at the annual meeting of the London chamber of commerce in Great Britain on April 27, 1948, by the president, Sir Frank Newson-Smith. This is one of the things he said:

> The leaders in the English-speaking world still believed seven months ago that the 19th century international financial system could be made to work with modifications and embellishments. I doubt whether any of them believe this now. At long last it is I think, recognized that if we continue much longer on our present course, disaster awaits us.

This gentleman conveys the same idea I have expressed. Farther on in his speech, he says this—and it has some bearing on the subject we have been discussing, and on the estimates of the Department of Trade and Commerce at this time:

> The crux of the whole matter is the creditor position of the United States *vis-à-vis* the rest of the world. This has not been faced and is not being faced. The suggestion implicit in what we are doing and saying is that the problem can

> and will be solved in the near future, by the world striking a balance with the United States, either by selling them another £3,000 m. of goods per annum or by buying £3,000 m. less. The impracticability of this solution would be realized at once if it were stated frankly and openly in this form. If the world were to cut down its purchases from the United States from £5,000 m. to £2,000 m. per annum or, on the other hand, if the United States were to import £5,000 m. of goods instead of £2,000 m. per annum a major crisis would occur in the United States. To economic chaos in the rest of the world, would be added economic chaos in the United States.

Those are the words of a man who is right in the firing line, who has been there for many years, and whose position requires that he should be. At the close of his address he used these words:

> Until this crucial problem of the dollar is faced frankly and boldly, we shall muddle on from one disappointment to another. Already the five nations of the western Europe have run into payments difficulties. France owes us money and we, France and Holland owe Belgium money. France's exports are of a luxury or semi-luxury nature. Everybody wants them but nobody dares buy them. The nations dare not buy them because, overhanging them all is the fear that they will be the ones left holding the unwelcome child—unpayable dollar indebtedness.

I commend those words to the minister, among all the cares and tribulations with which he is confronted, and with which I do not hesitate to tell him I think he is dealing very well and wisely. I draw this to his attention for serious thought because, after all, we are in an age of rapid change. A few false decisions can mean communism all over the world or, what might be far worse, revolution and distress. If we can just be warned and guided by a bit more knowledge of the facts that actually exist around us we shall be less inclined to live in what might be called a fool's paradise, if one can use that term without too much unhappy implication; we shall be better off and have a better chance of coming successfully through the problems which confront us.

May I say that the current philosophies of trade will not help us. I know there is a great deal of enthusiasm for the Geneva trade agreement, just as this house went into near ecstacies of enthusiasm over Bretton Woods, passed it and then found the thing was not worth even considering. They will find this Geneva trade agreement, which originated in the same brains as did Bretton Woods, in precisely the same position; they will find that it will be just as much good to us, which is almost nothing.

I hope I am in this respect a little bit of a gloomy prophet. I think we would be on the safe side, however, if it was assumed that I

was not prophesying too gloomily. But there are others in the empire and in the world who are thinking along these lines, and I should like to quote to the minister some passages which I think he will find worthy of consideration by himself and his department. *The Mirror* of New Zealand, in the issue of May 1, 1948, had the following to say in an editorial:

> During the last year or so, determined attempts have been made by the international trade organization, both at Geneva and at Havana, to forge another link in the encircling chain of international planning under the shibboleth of free trade. The real objective is not so much the freezing of world trade as the complete elimination of the preferential trading system which has existed between the United Kingdom and her possessions and dominions.

I think the minister will find that this statement is right. The United States was not concerned about anybody else's welfare but her own when she planned the Geneva trade treaty. What *The Mirror* says is justified. In another part of the article, the following appears:

> What we want are not international entanglements like Bretton Woods and the Havana charter, but a comprehensive and progressive empire development policy, so that national effort, individual initiative and free enterprise may be given a fair opportunity to restore a semblance of economic equilibrium, financial stability and international good will and co-operation.

Perhaps I shall quote further from the same editorial at a later time, but I do not wish to use up too much of my time at the present.

What is the remedy? There are many part-remedies. It is just like trying to find a remedy for arthritis or diabetes or pernicious anaemia. No one cure is a cure-all; you have to have a combination in order to save the patient. Here is one thing which I believe will be worth our consideration. I think we have been too much inclined to cold-shoulder the rest of the British empire. Perhaps the government has not gone altogether too far in that respect, but it has gone far enough. There has been too much disregard on the part of the present government and of our people of the sterling system of finance which worked out so splendidly for the nations in the sterling bloc, until the United States began interfering by means of the Washington loan agreements and other documents which she has been using quite energetically ever since the Atlantic charter in 1941.

We must not allow the sterling system to be disregarded if there is any way in which we can prevent it. I should like to give some figures to show the achievements of the Ottawa agreements of 1932. The figures I am going to quote are obtained from a little pamphlet called, "The Way Ahead." It was issued by the Empire Industries Association and the British Empire League and was printed by Burrup, Mathieson and Company, Limited, 31 Throgmorton street, London, E.C.2. This contains a fine summary of what happened as a result of the Ottawa agreements of 1932.

In a rough and broadly general way, United Kingdom imports from British countries from 1932 to 1937 increased by 63 per cent. United Kingdom imports from foreign countries from 1932 to 1937 increased by 37 per cent. These figures ought to be quite interesting to my Conservative friends because, after all, it was their party that negotiated the Ottawa agreements.

United Kingdom exports to British countries from 1932 to 1937 increased by 52 per cent. United Kingdom exports to foreign countries from 1932 to 1937 increased by 35 per cent. May I just pause here to make a little comment? We read the statements of men like Sumner Welles, Cordell Hull and other prominent United States statesmen, and we gather the impression that from 1938 onward United States statesmen considered the Ottawa agreements more or less selfish, because they were designed to be offish toward the rest of the world, that they were adopted and put into effect only for the welfare of the British commonwealth. However, these figures give those statements the complete lie. These figures indicate that the Ottawa agreements resulted in good for the rest of the world quite as much as they did for the British commonwealth.

The dominions, British India and Burma, imports from the United Kingdom and British countries from 1932 to 1937 increased by 51 per cent. Those same countries' imports from foreign countries from 1932 to 1937 increased by 76 per cent. The dominions, British India and Burma exports to the United Kingdom and British countries from 1932 to 1937 increased by 50 per cent. Their exports to foreign countries from 1932 to 1937 increased by 48 per cent.

The colonies' and protectorates' imports from the United Kingdom and British countries from 1932 to 1937 increased by 49 per cent. Their imports from foreign countries from 1932 to 1937 increased by 49 per cent. The colonies' and protectorates' exports to the United Kingdom and British countries from 1932 to 1937 increased by 127 per cent. Their exports to foreign countries from 1932 to 1937 increased by 186 per cent.

Those increases in trade are astonishing; they give quite a different picture of the effects of the Ottawa agreements from that which is ordinarily held in the United States and even in the minds of many of the ministers of this

government. Empire trade commenced its upward movement immediately after the Ottawa agreements in 1932, and world trade followed that trend in 1934, just two years later. If we take an index of 116 as indicating the volume of total British exports to all countries in 1930, the figures for the following years are as follows:

1930	116
1931	88
1932	88½
1933	90½
1934	97
1935	100¼
1936	101½
1937	111¼

If we think in terms of a shortage of British pounds as we do a shortage of United States dollars we shall draw this conclusion, that the British would not have been able to export those goods to other countries, unless those countries were able in return to export goods to Britain to get British pounds.

May I repeat, that the solution lies along the line of imperial preferences and the sterling system of interstate finance for British commonwealth and empire countries. Another development is a modification of the sterling system, which I believe is the one best adapted to save the situation for the world.

In respect of an international distribution of goods, the proposal has been made that the sterling system of international state finance be modified and extended into something like the system of contra account which is suggested by the London chamber of commerce in its report of September 30, 1947. What does this contra account mean? It practically means this in a general way: If the United States were selling a vast amount of goods to the world, as she is, she would say to the nations of the world: We will let you have $12,000,000 more of goods than you can let us have, and we will allow you credit for these goods as long as you are unable to produce and repay us with goods, and then, just as soon as you have goods to send back to us in return, we will accept them. That is to say, we are selling you the goods on a lend-lease basis of credit, and we shall expect back from the nations of the world such goods as they are able to supply us with. That would be, in a way a system of contra account. This method or some modification of it we shall have to adopt if we are to get ourselves out of the dangerous situation in which we find ourselves.

The DEPUTY CHAIRMAN: I would remind the hon. member that his time is exhausted.

Right Hon. C. D. HOWE (Minister of Trade and Commerce): Go ahead.

[Mr. Blackmore.]

Mr. BLACKMORE: I have practically finished. Along with this, there should be economic self-sufficiency for Canada just as far as possible and as rapidly as possible. The minister is aiming at that very thing. We should aim to produce our own needs and to produce surpluses of many kinds for export on a lend-lease or mutual aid basis where necessary, very much like the contra account. Let us take goods in return if we can get them but if we cannot get them, let the nations have our goods on credit, so that they can be using them and we can go on producing.

I could read a good many extracts to the committee. I have extracts from the New Zealand article to which I have referred, and a number of extracts from what I find to be a very fine issue of the Empire Industries Association and British Empire League, its April letter, bulletin 85. There are many excellent things in this bulletin and also in the May issue, bulletin 86, which I had hoped to read to the committee, but I shall not have time tonight.

In approaching the close of my remarks, it is well for us to bear this in mind, that the empire has all we need. Hon. members will be interested in hearing this quotation from Joseph Chamberlain. I had never heard it until I saw it recently:

> There is no article of your food, there is no raw material of your trade, there is no necessity of your lives, no luxury of your existence which cannot be produced somewhere or other in the British empire, if the British empire holds together, and if we who have inherited it are worthy of our opportunities.

That is a most comforting statement. Canada has rich resources; it has varied resources; it has complementary resources. Hon. members will be interested in a quotation from the Royal Bank of Canada's monthly letter for June, bearing on this very subject. It says—

Mr. HOWE: We all read that.

Mr. BLACKMORE: Then I will not take time to read it.

The DEPUTY CHAIRMAN: The hon. member's time is exhausted.

Mr. CASE: This is possibly one of the most important departments of the government. I have listened with considerable interest to the hon. member who has just taken his seat, and I cannot help but feel that experience is indeed a great teacher. One of the problems we are suffering from today is an over-expansion of credit and currency, and I often wonder, as I listen to my hon. friend and his colleagues, just how they can

reconcile their position today with their professed desire in the past to pay out dividends to the citizens of Alberta on a basis of $25 a month. If such a policy were in force today it could but increase the pressure against prices.

As a student of monetary reform and as one who believes that there is much room for improvement in our present monetary system, I have always held to the view that only a dollar earned is a dollar that has any value. You cannot get something for nothing. But it seems to me that the system advocated by my hon. friend and his colleagues is based on providing something for nothing.

Mr. BLACKMORE: Would my hon. friend permit a question?

Mr. CASE: So long as you do not attempt to continue your speech.

Mr. BLACKMORE: It is just a question. Will my hon. friend devote his attention to the subject I discussed tonight. I did not mention money or dividends at all. If he wants to discuss monetary reform I shall be glad to discuss it with him, but he had better come well prepared. I was discussing tonight the world problem of distribution.

Mr. CASE: In order that there may be no misunderstanding, may I say that I hold my hon. friend in the very highest regard. We differ in our opinions, and I was simply reminding him of one of the weaknesses of their program. I like people with ideas; I think they did have an idea which they tried to sell and certainly, in days gone by, in the hungry thirties a shot in the arm would have been good for this nation. I am concerned, however, about the immediate present, and I feel that we are too closely tied with the United States. As a matter of fact, there is great danger of our becoming an economic adjunct of that great republic. They are admirable as friends, but the Americans are pretty hard, cold-blooded dealers. They are two-fisted in their approach to commercial problems, and I regret to find that our whole future is more or less predicated upon the success of the Marshall plan or some plan that is evolved in the United States.

I suggest that, with Canada's great resources, we should stand on our own feet and plan accordingly. We have every reason to determine our own future course, and it would be well to strengthen our position in relation to the British preferential pacts within the sterling bloc. It is perhaps unfortuate that we are one of those countries in the dollar bloc, so closely related to the dollar countries. History reveals that, in the past, three-fifths of the world's commerce and trade took place within the sterling bloc; these two great blocs are now pitted against each other, and we find ourselves in the dollar block.

Is it not most unfortunate that when we were in such a really enviable position we cast it away? It is not long since that Canada had a 90-cent dollar. Bretton Woods had been presented to the house, together with the terms of the international bank. We knew then that we were required to value our currency at the rate of exchange prevailing at the time we entered Bretton Woods. We could not depreciate our currency more than ten per cent without the consent of that international organization, and yet, on the very eve of our entry into Bretton Woods, this government found it convenient, for reasons that I shall never understand, to bring our dollar up to parity with that of the United States. They robbed us of the most enviable position we shall ever have enjoyed in the realm of trade and commerce, because, as long as the United States dollar was accepted as the standard of exchange, we had access to the markets of the world.

Latin America lay open to our enterprise, open to our commerce and our trade, and likewise the countries of Europe enjoying a ten per cent advantage in the Canadian market. We were bound to reach those centres where our goods could be marketed and sold, which are at present denied to us because we have put an artificial prop under our Canadian dollar.

I say, Mr. Chairman, and I think I can discuss the question with some degree of authority, that the moment you put an artificial prop under the dollar, you interfere with the very lifeblood of a nation's trade and commerce. It naturally follows that the dollar should have been allowed to seek its own level in the world's markets, which, of course, there has been some effort to regulate and control. I am not denying that there should be some regulation, but we enjoyed a preferred position as our goods flowed over our borders into distant parts of the world where they were required and desired; and if our dollar had been allowed to seek its own level, by and by, of its own volition, it would have levelled itself with the United States dollar.

But we sought to place a handicap on the Canadian trader and producer, in spite of the fact that our production during the war was sufficient to stagger the human imagination. Indeed, the productive capacity of Canada is unlimited, and when I read in the press items advertising "Canada unlimited" I subscribe entirely to the theory. But we sought to place a handicap on our traders by saying to them, "You must meet the competition of one of the greatest producing nations in the world,

the United States, that have not only the productive capacity but the wealth of resources to stimulate that production and maintain their standard of living at a level comparable with Canada's". I am not one of those who say our standard of living is lower than theirs.

Canada, nevertheless, is going to pay a great price, because not only are we losing the present market but we are losing the potential market of the future. Had Canada's goods been flowing into Latin American countries and into other parts of the world we would have established a name for this dominion. The label "Canada" would have been known far and wide and people would have sought to place return orders. The Minister of Trade and Commerce is seeking to stimulate trade, and through his own good offices and the offices of those associated with him, he arranged the world trade conference, or show or exhibition in Toronto.

This government has always professed a belief in greater freedom of trade and exchange. I listened at home to the admirable words of the Prime Minister speaking from Europe when he announced the introduction of the Geneva trade pacts, and that was indeed a step in the direction of greater and freer world trade. But the radio suddenly switched from one program to the other, and the Minister of Finance made his announcement setting up artificial barriers in our own country and placing the obstacle of a 25 per cent excise tax in the way of the production of goods in this dominion.

The government tried to prove to the outside world that our dollar is as good as the United States dollar. We do not wish to be proud of these things, because if your dollar depreciates you have a trading advantage. I would point out, however, that the suggestion that our dollar was worth a dollar in the United States was after all only a joke, because it has been discounted right along, as high as from ten to fifteen per cent even in the border city of Buffalo; and while they endeavoured to prove that our dollar was worth a dollar in the United States they said to the Canadian people that it was worth only seventy-five cents at home, because they put a 25 per cent excise tax upon it.

I am one of those who had much to do with war savings certificates, and I am proud of my contribution in the way of encouraging our people to invest in them. The little $4 certificate was redeemable in seven and a half years at $5. It was said to be the only government bond in the world which bore interest at 3½ per cent, compounded semi-annually. In other words, in seven and a half years it returned $5 for $4 invested. There was also

[Mr. Case.]

a limit on the amount that one could invest—$480 a year or $40 a month—but at the end of seven and a half years one received back $50 a month.

There are some things I have to answer for myself, not because I have been a follower of the administration, but rather because I believed in their sincerity at the time; but now we find that, while these people are having $5 returned to them for $4 they invested, there is an excise tax of 25 per cent imposed upon their savings, and the dollar is worth only sixty-five cents.

I think the Minister of Trade and Commerce has a great deal of influence with the government—he has managed most of the departments—and my plea is that we be allowed to have an honest dollar. Let us do something to stimulate the productive capacity of the country. Let us remove this doubt and confusion. Today we find our gold mines languishing; and many of our natural resources which could be more properly developed are being neglected, all because of government regulation, bureaucratic control, an army of civil servants going across the land to determine whether a gold producing property is entitled to a bonus. Everything is done to hamper trade rather than to stimulate it.

The taxpayers of Canada are paying a terrific price. We know now there was no thought on the part of this government to reduce taxation, which would have lent the greatest stimulus to production that could possibly have been given to the Canadian people. With the huge surplus of upwards of $700 million, the government failed to bring any relief to the over-burdened taxpayers of Canada, but rather was satisfied to see them remain under the handicap which is of the governments' own making. I say that with every degree of sincerity, advisedly and wholeheartedly, because I am firmly of the opinion that the more you interfere with natural laws, the more difficult will it be to govern.

I say this to the government. If you want to join with my hon. friends on my left and drive this country into a state of socialism where there will be controls and greater controls, then you are in a fair way to bring about that very result. But if you want to encourage and develop the greatest degree of enterprise, enthusiasm, ambition, loyalty and determination in order to see this country through to its greatest destiny, you will encourage private enterprise to play its full part in the onward march of civilization. Not only do there lie before us green fields which look good a long way off; but we have back of us the resources and the productive capacity as well as the enthusiasm, initiative and

ambition of the greatest people in the world to carry us forward. My plea to the government tonight is to cut these bonds that are strangling trade and commerce. Give Canada a chance. Let us indeed join with the British commonwealth. Let us determine, as we did in those dark days of the war, that we will stand by Britain and see her through; that we will not become an adjunct of the United States of America, either politically or economically; and that we will stand on our own and develop our own resources to our greatest capacity.

The CHAIRMAN: Shall the item carry?

Mr. MACDONNELL (Muskoka-Ontario): No, the item does not carry. I wish to ask some questions of the minister.

Mr. HOWE: At your service.

Mr. MACDONNELL (Muskoka-Ontario): I did not hear what the minister said.

Mr. KNOWLES: He said, at your service.

Mr. MACDONNELL (Muskoka-Ontario): When these estimates were up, I think a week ago tonight, the minister gave me the detailed position of the trade situation *vis-à-vis* the United States. I then asked him if he would give us a picture of the foreign trade situation in other countries. I have some questions I wish to ask him with regard to certain details of the excise tax, but I would ask him first to give us a picture of the over-all trade position. I suggest to him that in doing that he might indicate to us to what extent our foreign trade, at some distance in the future, will be governed by contract, so that we can count on it; and to the extent that it is not so governed, will he give us his estimate of the trade situation, just in broad terms as he sees it in other countries, so that we can form an over-all picture of our complete situation?

Mr. HOWE: I can say that by and large the trade position of Canada is distinctly promising and rather better than we anticipated it would be at this time. At the last discussion of the estimates I gave the export and import figures with the United States and with Great Britain for the first four months of the year. I can say that for the fifth month, namely May—the figures for which were just received today—the preliminary figures are distinctly better than those in any month to date. This shows that we are making progress toward a desirable position.

One interesting factor is this. Of course the position of Canada depends greatly on its total trade. We anticipated an export surplus for the year of $150 million.

Mr. MACDONNELL (Muskoka-Ontario): A month?

Mr. HOWE: That is, we anticipated net exports over imports of $150 million. For the first five months of the year we have achieved our total objective in that direction. In other words, our exports already exceed our imports by $150 million in round figures. The actual figure is $145 million.

Mr. GREEN: That is for all countries?

Mr. HOWE: For all countries.

Mr. MACDONNELL (Muskoka-Ontario): Can the minister give us the broad details of that?

Mr. HOWE: Yes. I have the figures here for the United States and the United Kingdom. For the first five months of the year, imports from all countries—and all these figures exclude gold of which we are not an importer—were $1,037,200,000. The net domestic exports to all countries are $1,182,900,000. That leaves a balance in our favour, for the first five months, of $145,700,000. Our trade with England for the first five months of the year was as follows: imports, $113 million; exports $305·4 million, leaving a favourable balance of $192·8 million. Our trade with the United States: imports for the first five months, $730 million; exports for the first five months, $545 million. We have an unfavourable balance there of $185·2 million. However, the May figures are the best to date and we believe that—

Mr. GREEN: May we have them?

Mr. HOWE: The May figures?

Mr. GREEN: Yes.

Mr. HOWE: May imports from all countries were $225·2 million; and exports to all countries were $287·5 million, leaving a favourable balance of $62·3 million.

Mr. MACDONNELL (Muskoka-Ontario): Has the minister the figures for May of last year?

Mr. HOWE: That is for May of this year.

Mr. MACDONNELL (Muskoka-Ontario): Does the minister happen to have the figures for May of last year, so that we may make a comparison?

Mr. HOWE: Yes. In May of last year we imported 240·3 million and exported $267·8 million.

Mr. GREEN: What is the difference?

Mr. HOWE: That is a favourable balance of $27·5 million. With England we had imports of $15,200,000 and exports of $90,500,000.

There we had a favourable balance of $75-300,000, but I might point out that in May of last year we were shipping to England against the loan, and those exports were represented largely by long-term credits; whereas this year they are represented by cash. In May of 1947 our imports from the United States amounted to $184,700,000; our exports amounted to $79,800,000. We had an unfavourable trade balance of $105 million. Therefore we cut the unfavourable balance practically into four parts.

Mr. GREEN: What is the figure for the United States in May of 1948?

Mr. HOWE: I gave that a while ago. We had an unfavourable balance of $29,300,000 for the month of May.

Mr. MACDONNELL (Muskoka-Ontario): Will the minister give us the figures for South America?

Mr. HOWE: I am sorry to say I have not the figures for South America. The United States and the United Kingdom are the two largest trading countries.

Mr. MACDONNELL (Muskoka-Ontario): The minister said we were getting cash from Britain as distinct from a year ago. Does he mean dollars?

Mr. HOWE: Yes.

Mr. MACDONNELL (Muskoka-Ontario): For everything we send there?

Mr. HOWE: Dollars or goods, yes.

Mr. MACDONNELL (Muskoka-Ontario): United States dollars?

Mr. HOWE: Well, dollars, Canadian or United States. We get Canadian dollars to the extent that they have Canadian dollars, and for the rest we have to get United States dollars. Does it make any difference?

Mr. MACDONNELL (Muskoka-Ontario): Why not?

Mr. HOWE: Because we can use them in trading in dollar countries.

Mr. MACDONNELL (Muskoka-Ontario): But they are not dollars that we can use in paying the United States.

Mr. HOWE: That is true, but we have use for dollars other than to pay the United States.

Mr. MACDONNELL (Muskoka-Ontario): I think the minister will agree that it is important, in respect of our relationship with the United States, to know how many United States dollars we get in selling there.

[Mr. Howe.]

Mr. HOWE: They get Canadian dollars in selling to us goods or selling us gold, and either goods or gold is the equivalent of United States dollars.

Mr. MACDONNELL (Muskoka-Ontario): I wish to ask the minister some questions about the 25 per cent excise tax. First of all, I want to know whether any articles have been taken off the list, pursuant to the authority reserved since the bill became law, which I think was last February.

Mr. HOWE: We are getting into another department of the government. This department does not apply the excise taxes, administer them or take them in. I do not recall any that have been taken off, but there may have been some. I would not know.

Mr. MACDONNELL (Muskoka-Ontario): I do not want to press a question which should be directed elsewhere; but I suggest that to some extent, at any rate, these excise taxes affect trade and commerce, because the 25 per cent tax was introduced as a measure to affect United States exchange. That was one of the reasons given. Perhaps I can get that answer elsewhere. First of all, what amounts have been received under it? Can the minister estimate to what extent it has been effective in the way of excluding United States goods? Is that a question which can be answered?

Mr. HOWE: No, I have not any knowledge of how much is collected. We have nothing to do with taxes. It is our duty to stimulate trade. I can give rough figures, but the Minister of Finance or the Minister of National Revenue would be the minister to answer that question.

Mr. MACDONNELL (Muskoka-Ontario): I will leave it at that. I have one other question, following what the minister gave us the other night. He gave us a certain interesting general statement as regards new and increased types of exports to the United States. Will he give us one or two typical figures to show the extent of the development which he described.

Mr. HOWE: I think any figure I could give would be misleading. The over-all figures are the most illuminating. The fact is that we have greatly stepped up exports to the United States, and we have reduced our imports from that country. The result is that, counting gold, we are close to balance.

Mr. GREEN: Last November when the Prime Minister spoke from London he

announced that Canada had taken the position with Great Britain that our trade agreement with that country must be put on a voluntary basis. In other words, it was no longer a binding agreement, but merely a voluntary arrangement which could be altered or cancelled at will by either party. As the minister will remember, originally there was a resolution on the order paper concerning the Geneva treaties, which included the approval of the letter written by Canada to Great Britain setting out that change in the preference. The approval of the letter has now been separated into another resolution, and that resolution has not yet been discussed in the house. Can the minister tell us whether there has been any change in that arrangement, or whether the preference with Great Britain still remains on a purely voluntary basis, which can be cancelled or varied at will?

Mr. HOWE: There again my hon. friend is in the field of the Minister of Finance. As I have said, we do not make the laws; we simply have to do with trade.

Mr. GREEN: This is a trade agreement.

Mr. HOWE: Certain small variations were made in the agreements, one or two at the request of Britain to allow her to make arrangements under the Geneva agreements which were favourable to Britain, and one or two on our part to allow us to do the same thing. No important changes have been made in the British preferences.

Mr. GREEN: The minister means by the Geneva treaties?

Mr. HOWE: Exactly, yes.

Mr. GREEN: They gave away the preference on apples.

Mr. HOWE: That may be so, but Britain is not buying apples.

Mr. GREEN: Not at the moment.

Mr. HOWE: How can the British preference affect a thing that is not being bought, or will not be? Britain is today self-supporting in apples.

Mr. GREEN: She is not.

Mr. HOWE: I have been over there and examined the situation. I think I know more about it than my hon. friend does.

Mr. GREEN: The minister is wrong. That is contrary to the information which was given in the banking and commerce committee. If the minister will check up he will find he is wrong. Britain is not self-supporting in apples.

Mr. HOWE: Where are they buying them at the moment?

Mr. GREEN: From Australia. They are buying huge quantities, far more than they ever bought from Canada.

Mr. HOWE: The hon. member must realize the fact that anything that can be bought in sterling will be bought in sterling.

Mr. GREEN: The minister should know better than to say that Britain is now self-sufficient in apples. I am sure his officials in front of him will confirm my statement that he is wrong.

Mr. HOWE: The last time I was in Britain apples could be bought freely in the shops. They were one of the few things that could be bought, and they were British apples.

Mr. GREEN: That is very far from making Britain self-sufficient in apples.

Mr. HOWE: I know. The point is this, regardless of any trade agreement, we cannot even give apples to Britain now, because they will not accept them as gifts. My hon. friend knows that. Why worry about the British preference on apples when he knows very well that the preferences have nothing to do with the trading position of apples so far as the United Kingdom is concerned.

Mr. GREEN: That is a purely temporary position.

Mr. HOWE: Well—

Mr. GREEN: The time will come when there will be a market for apples in Britain.

Mr. HOWE: This was all fought out in Yale and neither you nor I won.

Mr. GREEN: In the meantime our preference has been given away. Our lumber preference has been cut in half. The preference on canned salmon has been cut in half. I am sure the hon. member for Vancouver North will bear me out when I say this is of great importance to British Columbia. The point I am making is this. I wish to know whether the position is that the preference, so far as Canada and Britain are concerned, is on a purely voluntary basis.

Mr. HOWE: That is right.

Mr. GREEN: What about Australia, New Zealand and South Africa? The Prime Minister intimated, or perhaps it was in the press release which was issued at the time of the announcement of the Geneva treaties, that the agreements with the other nations of the commonwealth were also to be put on a voluntary basis, so that they could be cancelled or varied at will. Has that been done? Has there been any exchange of letters between Canada and these other nations, or do the agreements still remain binding agreements?

Mr. HOWE: That has absolutely nothing to do with the item. The Department of Trade and Commerce does not make international agreements. I could give the hon. member my best recollection of the thing, but it would mean very little. When we are debating the subject of these empire agreements, as we shall some day, we shall have the experts here and we shall give the accurate facts. But the hon. member is talking about matters which do not fall within the ambit of the Department of Trade and Commerce.

Mr. GREEN: I submit that the minister is wrong again. These are trade agreements. He is Minister of Trade and Commerce. If he will take the trouble to ask his deputy minister who is sitting in front of him he will find out the answers to my questions, because certainly they are questions which should be answered by the Minister of Trade and Commerce, and by no other minister. I am entitled to answers to those questions, namely, as to what has happened with regard to preferences between Canada and nations of the commonwealth, other than Great Britain. He has already given an answer about Great Britain. I want the answer with regard to Australia, New Zealand and South Africa.

Mr. HOWE: I do not know the answer, and my deputy says he does not know the answer. I refer the hon. member to the tariff board or the Minister of Finance.

Mr. GREEN: That is not good enough. Here is a responsible minister of the crown in charge of these trade agreements, and—

Mr. HOWE: You told them all about this in Yale. Why do you not give me the answers?

Mr. GREEN: Why talk that way? That is no answer at all.

Mr. JACKMAN: The same answer as you got.

Mr. GREEN: We are entitled to know in this House of Commons from the Minister of Trade and Commerce what the position is with regard to the preference between Canada and the nations of the commonwealth, other than the United Kingdom. If the minister cannot give us that information tonight, then I suggest that the item be allowed to stand until he can get it. Does the minister refuse to get the information?

Mr. HOWE: Refuse to get it?

Mr. GREEN: Yes.

Mr. HOWE: It is not in my department.

Mr. GREEN: Well, where can you get it, then?

[Mr. Green.]

Mr. HOWE: Get it from the tariff board or the Minister of Finance.

Mr. GREEN: That shows once more the minister's utter failure to appreciate the type of parliament by which this country is supposed to be governed. Here he is, taking a stand in a Canadian parliament, that if information is wanted with regard to a trade agreement parliament must go and ask the tariff board. That shows his utter contempt for our parliamentary system. If the rest of the members are satisfied with it, I certainly am not. It is a strange position indeed at which we have arrived when a minister of the crown, the one who has the responsibility at this time for most of the business being done by the government, can take that stand in the house, and just say, "Oh, well, it is not up to me to give the information. You just run along and get it from the tariff board, or from somebody else". I suggest to you, Mr. Chairman, that parliamentary government has reached a sorry stage in Canada when that is the type of answer given by a minister of the crown.

Mr. ARCHIBALD: I should like to ask the minister a question, in a kindly way. I have been away from the house for some time, and perhaps I am not in touch with all that has taken place. The day before leaving, I mentioned the matter of fish livers going across to the United States, where there used to be an embargo. The people out west who process by far the greater portion of these fish livers—I refer to the co-operative—are still interested in the matter. I am sure this comes under the minister's jurisdiction, because it was through his department that the embargo was lifted. Has there been any change in policy, or does the minister contemplate any change? There is still a ten per cent duty on processed oils going into the United States. The government would not be embarrassing itself under the Geneva trade agreements by its commitments respecting oils from the Pacific coast. I do not refer to the east coast, because that is a different set of conditions altogether. That was explained to me.

There is a ten per cent tariff on processed oils, and I want to know if the government intends to reimpose the embargo to protect the industry which has been built up on the Pacific coast.

Mr. HOWE: Here again the Department of Trade and Commerce acts on the advice of the Minister of Fisheries. It is all very well to put embargoes on to prevent trade from going across the line, except in finished form. That is a very fine protectionist theory; but it is not very good for the producer. I suppose

the man who catches the fish and extracts the liver would not give three cheers for a policy which would prevent his shipping his product across the line, if he wished to do so.

However, the whole matter has been studied by the Minister of Fisheries, and a decision has been made. I am not sure what the decision is, but I shall endeavour to find out and tell the hon. member.

Mr. GREEN: The Minister of Fisheries is right behind you.

Mr. SKEY: If the minister's department has no control over tariffs and trade, I am wondering why his predecessor took such an extended tour of South America and empire countries, for the purposes, we believed, to build up empire trade. It seems strange to me that tonight the minister should deny his jurisdiction in these matters, or deny having any influence.

Mr. HOWE: The answer to that is quite obvious. The minister did not go to South Africa to make a trade treaty. I might say his trip was very successful, because we are doing an enormous amount of trade with South Africa. Much of that was arranged during the course of that expedition. If my hon. friend wishes to talk about trade, and not trade treaties, I will talk with him as long as he likes.

Mr. MACDONNELL (Muskoka-Ontario): Mr. Chairman, surely the minister will not take the position that we cannot properly ask him, the Minister of Trade and Commerce, about the state of treaties on which our trade depends—the state of treaties between this country and other parts of the commonwealth. I cannot believe the minister would take that position. It does not seem reasonable.

Mr. HOWE: If my hon. friend will talk about treaties where trade is flowing, we can give the answers. If he is talking about treaties where no trade is flowing, it is difficult to give the answer, because we are not very much interested in them.

Mr. MACDONNELL (Muskoka-Ontario): Perhaps it would be better if you were, probably there would be more trade. But, speaking seriously, surely what the hon. member for Vancouver South asked was quite reasonable.

Mr. HOWE: His question was a political one. If I knew the answer I would give it to him.

Mr. GREEN: It was not a political question.

Mr. MACDONNELL (Muskoka-Ontario): Now we are coming to it.

Mr. HOWE: He is just back from the hustings, you know.

Mr. MACDONNELL (Muskoka-Ontario): So are you; that would explain it. But this is a direct question to which I think the hon. member is entitled to an answer.

Mr. HOWE: I do not know the answer.

Mr. GREEN: Find it then.

Mr. MACDONNELL (Muskoka-Ontario): Get it. Surely it is not unreasonable—and I want to ask my own question, too. But I put it to the minister that he is not going to leave it in that way, and that he will get the information—because it is reasonable.

Mr. HOWE: I have the answer now. There was a modification with the United Kingdom. With Australia and New Zealand and South Africa there was no modification.

Mr. MACDONNELL (Muskoka-Ontario): No modification?

Mr. HOWE: No.

Mr. MACDONNELL (Muskoka-Ontario): The minister made a statement the other night, which appeared at page 5070 of *Hansard,* wherein he gave the figures of monthly imports under schedule III. In the items there, I notice a large drop in the first group, covering motorcars, and quite a large percentage drop in film projectors, although that was a relatively small item. Then, with regard to subsequent groups of items, there is very little drop; in fact, in the last group there is an actual increase. What is the policy under this item, particularly with regard to the last two groups where there is little or no reduction. It will be noted that in the fourth group there is an increase from 1947.

Mr. HOWE: Is the hon. member referring to table II or table III?

Mr. MACDONNELL (Muskoka-Ontario): Table II.

Mr. HOWE: I am not sure of the point my hon. friend is trying to make. He will observe that the controls came into force for different items at different dates. In connection with the items in that table, some controls came into effect only on April 1, 1948. That is group 4. Is that the one the hon. member is referring to?

Mr. MACDONNELL (Muskoka-Ontario): Yes.

Mr. HOWE: The reason there is very little effect is that during the period covered by the table the controls were not in force.

Mr. MACDONNELL (Muskoka-Ontario): Except for the month of April. I see the minister's point. With regard to the third group, the controls came into effect in March. Does the minister expect that there will be in these items anything like the reduction there has been in the first group, or are these items where his policy will be to allow the situation to run along pretty well as it is?

Mr. HOWE: There is not the same potential for saving as there is in the first group. Those items are not made in the same volume, but the same policies will apply and I think there will be the same proportion of savings.

Mr. MACDONNELL (Muskoka-Ontario): With regard to fabricated steel and so on?

Mr. HOWE: That is in a little different position. This is a deficit country as far as steel is concerned. We manufacture about 3,000,000 tons, but we have to import 1,000,000 tons a year and Canadian industry depends upon that importation very heavily. For instance, our motor industry could not operate at all without a good deal of imported sheet. We just have not the capacity to make it here. There is hardly a heavy industry in the country that does not depend to some extent on imported steel. As far as the construction industry is concerned, all the larger structural shapes are imported.

We have hesitated to apply controls to these steel items because of a fear of retaliation, speaking frankly. It would take some persuasion to have the steel mills give us the sheet we require, because they would take the position, "If you do not want structural, you cannot get sheet." Therefore we have not applied controls to those items for that reason.

Mr. MACDONNELL (Muskoka-Ontario): How much would that be effective if our construction turned from large factory construction and such to small dwellings? Would that affect our import requirements of steel?

Mr. HOWE: We would use less structural steel, because there is nothing that I would call structural steel in a house. However, there is a great deal of structural steel used in a hydroelectric plant and in other types of construction that contribute directly to the economic strength of this country. My hon. friend knows we are short of hydroelectric power, and hydroelectric plants have the highest priorities.

Mr. GREEN: As the minister knows, before the war our trading situation depended upon what was called the Atlantic triangle; that is, trade between the United States, Great Britain and Canada was pretty well balanced out. Is it thought that this position will again prevail or must we plan on the inability to re-establish that position?

Mr. HOWE: The triangle is working now up to a degree. The breakdown in the triangle is due to the United Kingdom not being in a position to ship goods in the volume they did formerly. It is working as far as it can work. One of the principal purposes of the European recovery program is to build up the productive strength of Britain to the point where the triangle can work fully. It is not working fully at this time; it is working to a small extent and a little better each month, I am happy to say. There is nothing much we can do about it except to try to make it work.

Mr. GREEN: Is it believed that the plan will work again fully in the course of time, or must we provide some new plan for our Canadian trade?

Mr. HOWE: It is difficult to say. We sincerely hope it will, and all our efforts are being directed toward the restoring of the triangle in full. I will not venture to predict whether we can do it, and I do not think anyone else would. Our trade figures are better each month and Britain's position is improving each month, but the operation of the triangle depends upon the ability of Britain to export more than they import, and today they are importing far more than they are exporting.

Mr. GREEN: Our plan is based on the eventual return of the triangle?

Mr. HOWE: We are trying to develop multilateral trade. We trade where we can trade, and we shall always be in that position. But we are doing all we can to bulid up the economic strength of Britain so that the triangle can work.

Mr. FRASER: Is Britain getting her imports from Canada on the quota basis today as she did a year or so ago?

Mr. HOWE: Is my hon. friend referring to token imports?

Mr. FRASER: Yes.

Mr. HOWE: There has been no change.

Mr. FRASER: Does your department have something to say in regard to how they shall work?

Mr. HOWE: Yes, that is correct. Of course we do not decide what the token imports will be. We negotiate with Britain to get a list of token imports, and after that we have something to say. We issue the certificates, but more or less as agents for the United Kingdom.

Mr. FRASER: You select the company or the firm that ships the goods?

Mr. HOWE: No. The firms make their sales in the United Kingdom, but we issue the export permits more or less as the United Kingdom asks us to.

Mr. MACDONNELL (Muskoka-Ontario): What are the conditions underlying imports from Britain? Is it their capacity to manufacture goods, or is it price and tariff conditions here? We did make a special tariff adjustment to facilitate the import of certain rayon goods. Will the minister say what the limiting factor is, because the figures are still disappointing, or at any rate they are quite small.

Mr. HOWE: A larger proportion of Britain's over-all exports are coming to Canada each month than previously, but there is some difficulty about price. Some goods are over-priced. We have done our best to correct that situation; we have removed the dump against certain British goods and are doing all we can to help Britain sell goods here at prices that our people are willing to pay. The great difficulty is that Britain has not the goods to ship in the volume we would like to receive.

Mr. MACDONNELL (Muskoka-Ontario): I met a British industrialist a few days ago, and I got the impression from him that it was partly a question of more favourable selling conditions elsewhere. I suppose that that is always relatively true. Is there a definite advantage to the British to sell in sterling countries as against us? Are they more in balance? As we turn, as I suppose we shall to some extent, to a buyers' market and not a sellers' market, will the difficulty of their selling goods increase?

Mr. HOWE: I always understood that Britain had a full-out campaign to exchange goods for dollars. I think at the moment the pressure is behind the export of goods to dollar countries. It is easier for Britain to trade with sterling countries because they use a common currency.

Mr. MacINNIS: Are not Britain's trade difficulties with Canada twofold? The main difficulty is, I think, her shortage of goods that Canada wants. If she can increase her production of the kind of goods that Canada will buy she can increase her trade with Canada greatly if Canada will buy those goods, but unless we are willing to buy them there is not much prospect of a great increase in her trade with us.

Mr. ROSS (St. Paul's): Under which minister does the issuing of permits under schedule 1 come? Is it the Minister of Trade and Commerce, the Minister of Finance or some other minister? If it is the Minister of Trade and Commerce I would ask him whether permits have been issued for the importation of any of these articles in schedule 1 from Great Britain. I know that sweet biscuits are coming in.

Mr. HOWE: The Minister of Finance administers schedule 1 and schedule 2 of the act, and the Minister of Trade and Commerce administers schedule 3. I have no knowledge of what has come in under schedule 1.

Mr. JACKMAN: It surely comes within the minister's purview to have something to do with the promotion of trade, and surely he has something to do with the endeavour to make Canada self-sufficient, particularly in regard to products which we ordinarily purchase from the United States. But I find from the trade returns that in the first three months of 1947 Canada imported muskrat skins from the United States to the value of $1,783,000, and in the first three months of 1948, $2,824,000 worth, or an increase of over $1,000,000 worth. Under the embargo measure, no fresh lettuce is coming in this year, but in the first three months of last year we imported $993,000 worth from the United States. Of rabbit skins, undressed, we imported $153,000 in the first three months of 1947, and $781,450 in the first three months of 1948. Cannot we raise muskrats in Canada? Will rabbits not breed in Canada?

Mr. HOWE: The fur trade is complicated. Fur auctions are held in St. Louis, and many of our furs are bought there. Rabbit skins practically all come from Australia, but they come to Canada through the United States. We are not producers of rabbit skins, but we are producers of the most expensive fur such as fox and beaver. On balance, we are heavy exporters of skins, and if we were to take measures to exclude small imports from other countries it might have a detrimental effect on our export trade.

Mr. JACKMAN: Can we not encourage the breeding of muskrats in this country? Are any United States funds involved in purchasing these rabbit skins from Australia which come in through the United States?

Mr. HOWE: These international currencies move around. I presume the Americans get some little rake-off on the skins as they pass through the United States. We buy our Australian rabbit skins from the market in St. Louis, I am told. I presume that the Australians get United States dollars from the United States and send them over to us to

buy lumber. I could not say that the Americans do not get some dollars out of that transaction.

Mr. JACKMAN: I understand that there is a fur auction in Montreal. The minister is interested in developing trade, particularly with the other parts of the commonwealth. Why is something not done by way of getting these Australian rabbit skins shipped direct to Canada, without having to go through the United States, where a certain amount of commission must be paid?

Mr. QUELCH: The minister knows that one of our troubles in getting goods from Britain is the high price of those goods. The *U.S.A. World News Report* points out that that is one of the main difficulties. They say that British textiles are piling up on the shelves in Britain, because they cannot be sold on account of their high prices. You could buy English shirts in Ottawa in 1939 for $3, and a year ago you could buy them for $6.50, but last fall they cost $9. The minister mentioned that we have eliminated the tariff to help Britain. I went downtown this week expecting to find some slight reduction, but I found that English shirts had gone up fifty cents to $9.50. Why should the price of these articles go up when we have eliminated the tariff? Has the price level of British goods gone up recently, or are these prices due to action on the part of retailers in this country?

Mr. HOWE: It is difficult to say. If my hon. friend is shocked by those prices I can tell him that I bought some shirts the last time I was in Britain and I was shocked to find that the bill came to $20 per shirt. You can buy British shirts cheaper in Canada than in Britain. I cannot say whether the prices are going up or not. Our dealers in British goods are anxious to reintroduce these goods and their mark-up should be very modest. It is difficult to say, without investigating the particular commodity.

Mr. MACDONNELL (Muskoka-Ontario): It is nearly eleven o'clock and, when we resume, I should like the minister to give us a statement on the total credits we have given to date to facilitate our trade. Just where do we stand at the moment?

Item stands.

Progress reported.

BANKING AND COMMERCE

Seventh report of the standing committee on banking and commerce—Mr. Cleaver.

BUSINESS OF THE HOUSE

Mr. ADAMSON: May I ask the Minister of Finance when he proposes to bring in the income tax bill for discussion?

Mr. ABBOTT: The one that is being considered by the banking and commerce committee? I hope early next week.

Mr. FOURNIER (Hull): Tomorrow we shall take up the resolution in the name of the Prime Minister, concerning the increase in salary of the lieutenant governor of Prince Edward Island, and we hope we shall pass the resolution and the bill in its different stages. The bill is exactly the same as the resolution. It is to increase the salary from $7,000 to $8,000. Then we shall consider amendments made by the senate to Bill No. 228 and Bill No. 300; then take up Bill No. 349, to amend the Diplomatic Service Superannuation Act. Then we shall go into supply, taking the estimates of trade and commerce, reconstruction, veterans affairs, external affairs, labour, national revenue, public works. I cannot indicate in what order we shall take them up.

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

HOUSE OF COMMONS

Friday, June 18, 1948

The house met at eleven o'clock.

PRIVILEGE

MR. CHURCH—REFERENCE TO PRESS REPORT OF DEBATE ON LORD'S DAY ACT AMENDMENT

Mr. T. L. CHURCH (Broadview): I rise to a question of privilege, Mr. Speaker, in order to call the attention of the house to the fact that a report in a Toronto morning paper states that I opposed the amendment of the Lord's Day Act to repeal the Ontario pre-confederation statute. I did no such thing. As reported at page 5360 of *Hansard,* I said:

I agree that there should be a repeal of the pre-confederation statute.

PHYSICAL FITNESS ADMINISTRATION—FINANCIAL STATEMENT PLACED ON RECORD JUNE 16

Mr. DONALD M. FLEMING (Eglinton): I rise to a question of privilege, Mr. Speaker. As reported at page 5348 of *Hansard* of June 16, I asked the Minister of National Health and Welfare if he would put on *Hansard,* with the consent of the house, the financial statement of the national physical fitness administration for the fiscal year ended March 31, 1948. Permission was given for the printing of that financial statement. But page 5349 of *Hansard* indicates that the statement which was put on *Hansard* was the financial statement for the previous fiscal year which ended March 31, 1947. No doubt that was a mistake. Probably the minister, with the consent of the house, would put on *Hansard* the financial statement for the fiscal year ended March 31, 1948. (*See also page 5628.*)

Hon. PAUL MARTIN (Minister of National Health and Welfare): I will have the matter looked into at once.

WHEAT

ONTARIO WINTER WHEAT—REMOVAL OF PRICE CEILING AS OF JUNE 18

Right Hon. C. D. HOWE (Minister of Trade and Commerce): I have been asked by several hon. members to state the policy of the government with regard to Ontario winter wheat.

In considering Ontario winter wheat policy for the crop year commencing July 1, 1948, the government has decided that the price ceiling on Ontario winter wheat can be removed and this action will be effective as of today, June 18. The present treasury payment of eight cents per bushel is discontinued with the removal of the price ceiling. This means that the price of Ontario winter wheat will be free to find its own level under prevailing conditions.

I am unable at the moment to state whether export control will be necessary or not in the case of Ontario winter wheat. If an international wheat agreement becomes operative on August 1, 1948, the export of Ontario winter wheat or Ontario winter wheat flour will be included under all the terms of such an agreement, and export control will be necessary in this case. The government hopes that this issue will be clarified prior to the harvesting of the 1948 winter wheat crop.

QUESTION AS TO RATIFICATION OF INTERNATIONAL WHEAT AGREEMENT

On the orders of the day:

Mr. E. G. McCULLOUGH (Assiniboia): Mr. Speaker, I should like to direct a question to the Minister of Trade and Commerce, notice of which I have already sent to him. Has the minister's attention been drawn to the London dispatch in the *Globe and Mail* of today, June 18, entitled, "Britons feel wheat agreement for world producers doomed"? If so, would the hon. minister make a statement to the house in regard to this important matter?

Right Hon. C. D. HOWE (Minister of Trade and Commerce): My hon. friend has just sent me an extract from the *Globe and Mail.* The difficulty to which he refers is that the United States government has not as yet ratified the wheat agreement. Whether that government will do so before the first of August is a question that only the United States government can answer. It will be the intention of the Canadian government to proceed with ratification of the agreement, but obviously, if the United States, one of the three producing countries, fails to ratify it, it is unlikely that the agreement can come into effect. Our information is that Australia has ratified the agreement with the proviso that, unless Canada and the United States do the same, the agreement will not become effective as far as it is concerned.

INSURANCE COMPANIES

AMENDMENTS TO CANADIAN AND BRITISH INSURANCE COMPANIES ACT, 1932, AND FOREIGN INSURANCE COMPANIES ACT, 1932

Hon. DOUGLAS ABBOTT (Minister of Finance) moved the first reading of Bill No. 350 (from the senate) to amend the Canadian and British Insurance Companies Act, 1932, and the Foreign Insurance Companies Act, 1932.

Motion agreed to and bill read the first time.

QUEBEC SAVINGS BANKS ACT

AMENDMENT AS TO LOANS WITHOUT COLLATERAL SECURITY, ETC.

Hon. DOUGLAS ABBOTT (Minister of Finance) moved the first reading of Bill No. 351 (from the senate) to amend the Quebec Savings Banks Act.

Motion agreed to and bill read the first time.

PRIVATE BILLS

FIRST READINGS—SENATE BILLS

Bill No. 352, for the relief of Samuel Lankszner.—Mr. Maybank.

Bill No. 353, for the relief of Audrey Maude Victoria Giles Findlay.—Mr. Maybank.

Bill No. 354, for the relief of George Elias Heydenreich.—Mr. Maybank.

Bill No. 355, for the relief of Guiseppina Cannuli Catalfamo.—Mr. Maybank.

Bill No. 356, for the relief of Ann Laurie Willett Allan.—Mr. Maybank.

Bill No. 357, for the relief of Leon Schechter. —Mr. Maybank.

Bill No. 358, for the relief of Beatrice Evelyn Tutill Bobinsky.—Mr. Maybank.

Bill No. 359, for the relief of Una Mary Phillips Slavin.—Mr. Maybank.

Bill No. 360, for the relief of Margaret Laidley Lawrie Burke.—Mr. Maybank.

Bill No. 361, for the relief of Albert Kenworthy.—Mr. Maybank.

BUSINESS OF THE HOUSE

FIRST AND SECOND READINGS OF PRIVATE BILLS

The house having reverted to the order for motions:

Mr. RALPH MAYBANK (Winnipeg South Centre): With reference to the senate bills which have just been given first reading, and others of the kind, I should like to move:

That for the remainder of the session all private bills from the senate when received from that house be read a first and second time and be referred forthwith, and that standing order 105 respecting the posting of bills be suspended in relation thereto.

Mr. SPEAKER: Is it the pleasure of the house to adopt the motion?

Mr. CRUICKSHANK: On division.

Motion agreed to.

P.E.I. FERRY SERVICE

WOOD ISLAND-CARIBOO DOCKING FACILITIES

On the orders of the day:

Mr. W. CHESTER S. McLURE (Queens): I wish to direct a question to the Minister of Transport. Will the minister provide immediately a tug to assist the ferry boat *Charles A. Dunning* in docking at the Wood Island pier, as difficulty is found by this boat in docking during the completion of the construction work?

Hon. LIONEL CHEVRIER (Minister of Transport): I do not know that there is any urgency about this matter, nor do I know just what the responsibility of the department is in relation to the Wood Island-Cariboo ferry. However, I shall be glad to look into the matter.

FLOOD CONDITIONS

EQUIPMENT FOR REPAIR AND RECLAMATION OF DIKES

On the orders of the day:

Mr. G. A. CRUICKSHANK (Fraser Valley): I wish to direct a question to the Minister of Public Works. Has he yet had any report as to what equipment is being secured or has been secured to repair and reclaim the Fraser valley dikes?

Hon. ALPHONSE FOURNIER (Minister of Public Works): Mr. Speaker—

Mr. CRUICKSHANK: I will make it clear and loud enough, Mr. Minister. Has your department yet made any arrangements to secure sufficient equipment to repair and reclaim the Fraser valley dikes? If not, why not?

Mr. FOURNIER (Hull): I may assure the hon. gentleman that the Department of Public Works is doing its utmost to have proper equipment to dredge the Fraser river, and it has been doing that since 1886 with some success. We will continue to do the same.

Mr. CRUICKSHANK: A further question. Are we to expect in this emergency the same success that you have had for the past ten years? You will get it every day until you do something.

PRICES

INCREASE IN COST OF BEEF TO HOSPITALS

On the orders of the day:

Mr. J. L. GIBSON (Comox-Alberni): I should like to address a question to the government. It may be rather difficult to answer at the moment, but perhaps they can accept it as notice and reply at the next sitting.

Mr. CRUICKSHANK: Next year some time.

Mr. GIBSON (Comox-Alberni): The question arises out of a telegram I have received from H. E. Taylor, administrator of the West Coast general hospital. He advises me that in July, 1947, that hospital paid 22¾ cents for a side of common beef. Today the price is 40 cents, an increase of 75·8 per cent. He asks me what I am doing about it. Not being a member of the government, there is not much that I can do about it. What does the government intend to do about it?

COARSE GRAINS

ADJUSTMENT PAYMENTS TO WESTERN GROWERS

On the orders of the day:

Mr. G. H. CASTLEDEN (Yorkton): May I ask the Minister of Trade and Commerce a question. What is the amount per bushel adjustment payment on oats and barley authorized to the western grower?

Right Hon. C. D. HOWE (Minister of Trade and Commerce): An announcement will be made shortly.

SALARIES ACT

INCREASE IN SALARY OF LIEUTENANT GOVERNOR OF PRINCE EDWARD ISLAND

Right Hon. W. L. MACKENZIE KING (Prime Minister) moved that the house go into committee to consider the following resolution:

That it is expedient to bring in a measure to amend the Salaries Act so as to provide an increase in the salary of the Lieutenant Governor of Prince Edward Island from $7,000 to $8,000.

Motion agreed to and the house went into committee, Mr. Macdonald (Brantford City) in the chair.

Mr. MACKENZIE KING: Perhaps I should say a word on this resolution. As hon. members know, the salaries of lieutenant governors are fixed by the parliament of Canada. They vary in different provinces. For some time past the annual salary of the lieutenant governor in the provinces of Ontario and Quebec has been fixed at $10,000, and in six other provinces at $9,000. The salary of the Lieutenant Governor of Prince Edward Island has been $7,000.

During recent years, as hon. members know, the expense of maintaining government houses has risen considerably, and after reviewing the situation carefully the government felt that the Lieutenant Governor of Prince Edward Island, while he had not as many duties as some of the other lieutenant governors, had nevertheless to meet increasing obligations which he has not heretofore been called upon to discharge.

I would mention particularly that the lieutenant governors pay income tax on their salaries. In some of the provinces, government houses are provided by the province. That is the case in Prince Edward Island. That is also true in three or four other provinces. Where government houses are not provided, the provinces make other arrangements in the form of providing official quarters, allowances for expenditures and the like.

I understand that in Prince Edward Island the lieutenant governor has himself had to meet practically all the expenses of the maintenance of government house and secretarial expenses. While that is so, his obligations have increased materially during the last few years. In reviewing the whole situation, the government felt that parliament should be asked to grant an increase of $1,000 in the salary of the lieutenant governor of that province.

Mr. BRACKEN: Will the Prime Minister indicate when the last adjustment was made in the salaries of lieutenant governors?

Mr. MACKENZIE KING: I understand there has been no adjustment for forty years.

Mr. McLURE: May I be permitted to make a few remarks with reference to this resolution? I was pleased indeed when I noticed that this resolution was to be brought before the house, but I was disappointed in the consolation increase of $1,000 being provided; because, as the Prime Minister has already stated, in six of the other provinces the lieutenant governors receive $9,000, and in the two larger provinces the salary is $10,000. When we compare these salaries with those paid to judges of the Supreme Court of Canada, the salaries of the lieutenant governors are really on a very low scale, in view of the duties and responsibilities pertaining to the office.

With reference to the salary of the Lieutenant Governor of Prince Edward Island, I suggest that if it is based on the cost of living, his salary is out of proportion to the

others, because the cost of living in Prince Edward Island is just as high as it is in any of the other provinces, including Ontario and Quebec. What is the price of butter today in Prince Edward Island, as compared with other provinces? The prices of cars and many other commodities are much higher. When we look at the position the lieutenant governor occupies as the representative of the king in the province, we wonder why the salary should be on such a low basis. In addition to the executive work the lieutenant governor of our province is called upon to do, he is the salesman of the province to visitors who come from other provinces and countries.

I should like to see the resolution changed so that it would increase the salaries of all lieutenant governors; and at this time we should make the salary of the Lieutenant Governor of Prince Edward Island equal to the salaries of those in other provinces.

Mr. POULIOT: I am glad to support what has been said by the hon. member for Queens. Actually lieutenant governors are like the united nations, in that there are small and big ones—small powers and big powers. So long as there is a lieutenant governor in that province he is representative of His Majesty the King, and I cannot see why there should be any differentiation in the matter of salaries. Many visitors go to Prince Edward Island, and I suggest respectfully to the Prime Minister that if he decides there should be an increase in salary it should be uniform for all lieutenant governors.

Most of these men are gentlemen of means —and rightly so, because the ordinary man could not fulfil the functions of the office. I do not see why we should be so stingy with lieutenant governors in any of the provinces. They should be on the same footing as representatives of the king, carrying the same honours and the same salaries and wearing the same uniforms.

Resolution reported, read the second time and concurred in. Mr. Mackenzie King thereupon moved for leave to introduce Bill No. 365, to amend the Salaries Act.

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

On section 1—Salaries of lieutenant governors.

Mr. KNOWLES: Mr. Chairman, I do not object to this bill, and if we are to have lieutenant governors and pay them salaries, there is perhaps a case to be made out for the point suggested by the hon. member for Queens and supported by the hon. member for Temiscouata.

Mr. GRANT: We had a hard time to get that much for him.

Mr. KNOWLES: I wish also to say that any remarks I shall make in the next few moments are not to be taken as any reflection upon the gentleman who occupies the position of Lieutenant Governor of Prince Edward Island. It does seem strange to me, however, that it has been so easy during this session to have so many of these salaries increased to meet the increased cost of living and increased obligations of public officials, as contrasted with the difficulty we have in getting increases in pension benefits, veterans' allowances, superannuation for retired civil servants, old age pensions and family allowances to meet the same increased cost of living and the same increased obligations of Canadian citizens generally.

Almost every bill that we have put through this session—

Mr. LENNARD: And you get up and say the same thing every time.

Mr. KNOWLES: I hope that is on the record. Almost every bill we have put through this session has had in it a provision for raising salaries from $6,000 to $8,000, from $10,000 to $12,000, or from $12,000 to $15,000. It seems to me if the government admits that Canadians in these upper brackets are hit by the increased cost of living and by increased obligations, it should also recognize that the same is true right across the board. Either there should be an increase for the groups of people I have mentioned, or a serious and aggressive attempt should be made by the government to bring down the cost of living.

Mr. POULIOT: Mr. Chairman, if I am permitted I should like to qualify what I have said. I have suggested that the salary of the Lieutenant Governor of Prince Edward Island should be raised to the same level as that of the lieutenant governors of other provinces. In my view however the question was not so much one of increasing salaries as that of putting all lieutenant governors on the same footing. There is a good deal of truth in what the hon. member for Winnipeg North Centre has said—and, by the way, this is his birthday, and I offer him my good wishes and congratulations.

Mr. KNOWLES: Thank you—and move on.

Mr. POULIOT: The Prime Minister may consider the reduction of salaries of lieutenant

governors who receive more than the Lieutenant Governor of Prince Edward Island.

Mr. KNOWLES: Hear, hear.

Mr. POULIOT: At the present time it would appear that the Lieutenant Governor of Prince Edward Island receives $7,000. I do not know the gentleman, nor do I know who he is.

Mr. KNOWLES: If he is a Prince Edward Islander he is a good man.

Mr. POULIOT: I have no doubt about that. I see, however, that there is considerable discrepancy in the salaries of these lieutenant governors. Those of Ontario and Quebec receive $10,000, while those of Nova Scotia, New Brunswick, Manitoba, British Columbia, Saskatchewan and Alberta receive $9,000 each. Under this measure the Lieutenant Governor of Prince Edward Island would receive $8,000.

If the program of austerity is imposed on the lieutenant governors as well as on all other Canadians, they would probably curtail their receptions and save money thereby. To start a new trend in austerity, why not reduce the salaries of the lieutenant governors in all provinces to $7,000, so that their salaries would be equalized? Then they would be on a par with Prince Edward Island.

Mr. CRUICKSHANK: I had not planned on entering this debate, but I had not read the measure before. It seems that the Lieutenant Governor of British Columbia receives only $9,000, while those of Ontario and Quebec receive $10,000 from the coffers of the people of Canada—and this at a time when my people are under water. There is not a chance in the world of my agreeing to that. The Lieutenant Governor of British Columbia five days ago was out with his good lady going through the water to help flood victims. And he should be underpaid? Nonsense! I agree with the hon. member for Winnipeg North Centre, that we can raise the salaries of members of parliament, including myself, of the board of transport commissioners, and of everybody else in the higher brackets, but we have to fight to get increases in war veterans allowances and veterans pensions.

If there is to be any increase, then I believe with the hon. member for Temiscouata that all lieutenant governors should be paid the same, or those in the higher brackets should be reduced to conform with those in the lower; and if it is possible to move an amendment to that effect, with these Ontario members, I shall be delighted to move it.

Mr. SINNOTT: Mr. Chairman, it is not often that I have anything to say in this house, but this is one time I am going to say a few words. While I have no objection to increasing the salary of the gentleman mentioned, because it would seem an increase is justified in order to meet conditions as we find them today, I must comment upon the increases that have been made in the salaries of those in the upper brackets during the past few months, increases of $1,000, $2,000 and $3,000. Those salaries must be paid out of the receipts from income tax and so on. I cannot sit here and take it when I see that the poor man is receiving no alleviation this year from the burden of income tax. I will fight with every drop of blood I have to see that some alleviation is provided for the poor man by way of reduction in taxes so that he can at least make a living.

Mr. GIBSON (Comox-Alberni): When I listen to the hon. member for Springfield I wonder if we are not looking at this thing in the wrong way. Under our democratic system we have a governor general and lieutenant governors. The latter are paid salaries of $9,000 or $10,000 a year, but I believe we are getting $25,000 worth of services.

Mr. SINNOTT: Nonsense.

Mr. GIBSON (Comox-Alberni): Everyone knows that a man must have considerable wealth to be able to accept one of these positions. The lieutenant governors are willing to carry out these duties which we feel are necessary under our British system, and they sacrifice from $10,000 to $15,000 a year to keep up that tradition in a manner befitting representatives of the crown. I feel that we are getting a tremendous bargain, as it were, when these gentlemen are willing to act in this capacity.

Mr. KNOWLES: I just want to say one more word. I think what has been said by the hon. member for Comox-Alberni about the right of these people to carry on the tradition of their position applies equally to the ordinary Canadian. Every citizen of this country has the right to carry on his tradition, and the government should take steps to enable him to meet the rising cost of living.

The CHAIRMAN: May I point out to the committee that this bill deals with the Salaries Act and refers to an increase in the salary of the Lieutenant Governor of Prince Edward Island. I doubt if it is in order to discuss the questions which have been raised with regard to income tax and cost of living as they affect other people.

Mr. CRUICKSHANK: I have heard some persons speak who are aspirants for the position of lieutenant governor of Ontario some

time in the future. We have an excellent lieutenant governor in British Columbia who is spending from $25,000 to $50,000 of his own money every year. We had great difficulty in getting a citizen of sufficient means who was capable of handling the position. The members of the government know that.

In spite of what has been said by some who have aspirations to fill the position of lieutenant governor in the future, why should one be paid any more than the other? I have the greatest admiration for every one of these people and what they stand for, and I think they should all be paid the same.

Mr. SHAW: I agree with the principle of this bill. I do not think increasing the salary of the Lieutenant Governor of Prince Edward Island by $1,000 will make any difference as far as the treatment of Canadians in other categories is concerned. We can do this and still do the other. But I do not think that we should pay one lieutenant governor one salary and another lieutenant governor a different salary. They occupy comparable positions. It is true that Prince Edward Island is a smaller province with a lesser population than Ontario, but after all, one member of parliament may represent a constituency ten times the size of another with possibly fifty per cent more population. If we are to apply the principle that is being applied here, we should do the same thing for members of parliament. They are all paid the same because they occupy the same position and bear the same responsibilities. I hope that before long the government will take action to the end that all lieutenant governors will receive the same amount.

Mr. CASE: Is there any other consideration that goes with this office by way of expense allowances?

Mr. MACKENZIE KING: The federal government provides only the salary.

Section agreed to on division.

Bill reported.

Mr. MACKENZIE KING moved the third reading of the bill.

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

EXCISE ACT AMENDMENT

ASSESSMENT OF DUTY ON MALT RECEIVED INTO BREWERIES—CONCURRENCE IN SENATE AMENDMENT

Hon. J. J. McCANN (Minister of National Revenue) moved the second reading of and concurrence in amendment made by the senate to Bill No. 228, to amend the Excise Act, 1934.

[Mr. Cruickshank.]

Mr. FLEMING: Explain.

Mr. McCANN: The amendment is to section 31, and provides that that section shall come into force on May 19, 1948. The bill was to come into effect upon proclamation, but this particular section had to do with the removal of the tax on vinegar. As that became effective on the date of the budget, it was necessary to have this amendment.

Mr. BOUCHER: I suppose you are trying to justify the vinegar budget.

Motion agreed to; amendment read the second time and concurred in.

CANADA SHIPPING ACT

AMENDMENT TO ACT OF 1934—CONCURRENCE IN SENATE AMENDMENT

Mr. ROBERT H. WINTERS (Parliamentary Assistant to the Minister of Transport) moved the second reading of and concurrence in amendment made by the senate to Bill No. 300, to amend the Canada Shipping Act, 1934.

Some hon. MEMBERS: Explain.

Mr. WINTERS: Mr. Speaker, the definition of "sailing ship" in the act as it was received in this chamber from the senate was "any ship propelled wholly by sails." That meant that all ships equipped with auxiliary engines and sails came under the act for steamship inspection and for certification of officers. Maritime and west coast members thought that would result in hardship to our fishing fleets, which by and large are still of the sail type although they are all equipped with auxiliary engines. We therefore sought an amendment of the definition, and the minister was good enough to bring in a new definition, as follows:

> "Sailing ship", except for the purposes of the load lines rules, means a ship propelled wholly by sails, and a ship solely employed in fishing not exceeding one hundred and fifty tons, gross tonnage, provided with masts, sails and rigging sufficient to allow her to make voyages under sail alone, and that in addition, is fitted with mechanical means of propulsion other than a steam engine.

The senate considered the wording of the amendment too stringent, with particular respect to the words "Sailing ship is a ship solely employed in fishing not exceeding one hundred and fifty tons, gross tonnage." The limiting phrase "solely employed in fishing" means that fishermen such as, for instance, the Lunenburg salt fishermen, who in the wintertime run their salt fish to the West Indies and other coastal ports, and other fishing vessels employed part-time in the coastal trade, would be obliged to submit to

steamship inspection and certification. The senate therefore struck out the words "solely employed in fishing not exceeding one hundred and fifty tons," and substituted "principally employed in fishing not exceeding two hundred tons," raising the tonnage to two hundred, because there are certain schooners engaged in the trade which are slightly over one hundred and fifty tons gross tonnage. That leaves the spirit of the amendment the same, making it applicable to the same type of vessels but to slightly larger vessels. The amendment in that form, Mr. Speaker, is acceptable to the government.

Mr. HACKETT: What is the final wording of the amendment? We have had the explanation, but the bill has not been distributed.

Mr. J. L. GIBSON (Comox-Alberni): Mr. Speaker, from the explanation just given by the parliamentary assistant it would seem to me that the hon. gentlemen in the other place in making this change were solely concerned with the east coast codfishing schooners. When the bill was before the house the provision was that as long as a ship could make a voyage under sail it was to be exempt from steamship inspection regulations. Our ships on the Pacific coast have greater power and are really more seaworthy than those on the east coast, and the senate amendment differentiates between the two types of vessels used on the east coast and on the west coast. I am prepared, however, to accept the senate amendment, with the reservation that if it does not work out to the satisfaction of the west coast fishing operators an amendment may be brought in next year to make the act equitable to both east and west coasts.

Motion agreed to; amendment read the second time and concurred in.

DIPLOMATIC SERVICE

SUPERANNUATION—PROVISIONS AS TO RETURN OF CONTRIBUTIONS, ETC.

Mr. W. E. HARRIS (Parliamentary Assistant to the Secretary of State for External Affairs) moved the second reading of Bill No. 349, to amend the Diplomatic Service (Special) Superannuation Act.

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

On section 1—Withdrawal allowance to public official upon retirement or resignation.

Mr. KNOWLES: The other day two or three members asked the parliamentary assistant a number of questions. Perhaps he or the minister could answer them at this time.

Mr. HARRIS (Grey-Bruce): A number of questions were asked on the resolution stage. This amendment to the act of last year does not extend to any group of people who were not covered by the original act, but there are certain provisions in the bill with respect to widows. At the present time thirteen diplomats are enjoying the benefits of the act passed last year. None of them has retired on pension under the provisions of the act. When any of them do, they will receive the pensions set out in section 3 of the original act. Altogether thirteen could elect under some of the provisions of the bill before us, but it is not likely that more than two will at the moment.

The question was also asked whether anybody had been appointed this year who would take advantage of the act. The answer is that since the passing of the act one year ago, Mr. Turcotte has been appointed consul general at Chicago.

Mr. KNOWLES: The parliamentary assistant says that the amendment does not extend the benefits of this act to any persons not already included. May I ask whether it extends to the thirteen persons already included any benefits additional to those granted by the act of las' year.

Mr. HARRIS (Grey-Bruce): The only additional benefit is that under the amendment, if they choose to retire, they can get back the moneys they have paid in, just as civil servants do under the superannuation act.

Mr. HACKETT: With or without interest?

Mr. HARRIS (Grey-Bruce): Without interest.

Mr. MacINNIS: The purpose of section 1 is to permit the withdrawal of any contributions made?

Mr. HARRIS (Grey-Bruce): That is right.

Mr. POULIOT: Will Mr. Turcotte, Mr. Scully and Mr. Senior come under this?

Mr. HARRIS (Grey-Bruce): Mr. Scully and Mr. Senior do not.

Mr. POULIOT: The principle is the same as that governing the salary of a lieutenant governor. Does Mr. Turcotte come under this?

Mr. HARRIS (Grey-Bruce): Yes.

Mr. POULIOT: Here we are again—consuls being put under the Secretary of State for External Affairs. Is there any other country in the world where consuls are not under the Department of Trade and Commerce? Ambassadors, high commissioners and officials of that

kind come under the Secretary of State for External Affairs. But there is no country in the world where a consul is considered a diplomat. These consuls are not diplomats; they are trade agents. The same thing is true of a high commissioner, but there is some latitude concerning the high commissioner. I do not see how in the world Mr. Scully who must come under this—

Mr. HARRIS (Grey-Bruce): No, he is not. I answered my hon. friend before and said he was not. The persons who are under it are defined in the original act as being ambassadors, ministers, high commissioners or consuls general of Canada. It does not include consuls.

Mr. POULIOT: Mr. Scully, then, is a consul general.

Mr. HARRIS (Grey-Bruce): He qualifies under the superannuation act in the normal way. He does not come under this act.

Mr. POULIOT: It does not make him a diplomat. A diplomat is a gentleman—

Some hon. MEMBERS: Oh, oh.

Mr. POULIOT: I will not say that Mr. Turcotte and the other consuls are not gentlemen. I know them as gentlemen. A diplomat is a man who has special credentials. He is a man who wears a uniform, decorations, and things like that. A consul, or even a consul general, is a plainclothes man. His interest is not to serve the policies of his government except in trade matters, and trade matters only. That is the business of Messrs. Scully and Turcotte and Senior. The consuls who have been promoted should be under the Minister of Trade and Commerce. I do not say that to be unpleasant, but it is my deep conviction that the Department of Trade and Commerce should be a complete unit with ramifications outside this country. The Department of External Affairs is an entirely different unit. There is a lot of confusion about it. The finest seats in the gallery have been given to trade agents and so-called diplomats. We have been deprived of those seats for our relatives, friends and supporters who come here. They are empty today. These people pay no attention to our deliberations, even when we discuss matters that concern their confrères. I would say "colleagues" for the diplomats, but I say "confrères" for the consuls. What are they doing? Yesterday we heard something about the triangular trade between Great Britain, the United States and Canada. We have practically no trade with other countries except the gifts that we make to them.

[Mr. Pouliot.]

What is the purpose that is served by these consuls? I shall be answered and told that Mr. Turcotte is in the United States. Very good. He may do a very good job there. But he must not come under the Secretary of State for External Affairs, and he should not enjoy the benefits that are given to these so-called diplomats.

Mr. MacNICOL: "So-called" is right.

Mr. POULIOT: Yes. For instance, there is a man named Greene who was appointed high commissioner to Australia because he was president of the Rideau club, and LaFleche was appointed to poor Greece. He was mentioned in the press as having a yacht there. What does he need a yacht for? It should be abandoned. We go on like that. Some of these diplomats are very useful. I would mention Mr. Desy, for instance, who did a lot for Canada in South America. Mr. Chipman is doing very well in South America. I am sure that our friend Mr. Vaillancourt is doing the best he can in Yugoslavia. We go on like that.

I find it rather funny. These so-called diplomats remind me of comic opera, of the Student Prince, with their uniforms and all that stuff. They should have small uniforms because Canada is a small country and therefore we should not have them too big, and they cannot work on stilts.

The other day the Ottawa *Citizen* had a very good article about the promotion of a high commissioner to ambassadorial rank. The conclusion of the editorial was how could the king raise the standard of men who are representing him to himself. It is a fine and subtle distinction on the divisibility of the crown. A Canadian ambassador would be the ambassador of the king of Canada to the king of England, who is the same person. The ambassador is the representative of the head of the state to the head of another state. If the high commissioner of Canada to England were promoted to be ambassador he would be the representative of the head of the state of Canada, His Majesty George VI, to the head of the state of the United Kingdom, the same man, His Majesty George VI, but to a different crown in each case.

Of course, these men want promotion. It may be well deserved. It would raise their standard. It would raise them in importance and they would walk immediately after the royal family instead of walking after the dukes and barons, and all others, in important processions. It would mean a lot to us, and then it would change the status of Canada. Instead of speaking of commonwealth affairs

we would speak of universal affairs and world affairs, and Canada would be changed. We would have another so-called promotion and our diplomats would pass ahead of the king like pall-bearers passing in a funeral procession. The first man in a funeral procession is the undertaker. He walks ahead of the funeral procession. Some of these ambassadors are so conceited that they all want to pass ahead of all royal processions like the undertaker in a cortege or the drum major in a regiment.

I find it funny; I do not find it serious. I find that these men who are there enjoy their positions so much that they do not deserve important recognition. I do not see why LaFleche is the ambassador of Canada to Greece. He did not deserve any reward. Greene did not deserve any reward for being president of the Rideau club, an institution that is nefarious to sound government policy in this country. Some are good; some are no good. Why do we not weed them out before increasing their privileges?

Mr. ST. LAURENT: The hon. member's speech may be very amusing, but this is merely a bill to correct three errors that I must confess we made last year. When the bill was brought before the house last year it did not provide for the rule that if one retires at a time when he is not entitled to any pension he can get his contributions back. That is now the rule which has been put into all the superannuation acts, and this bill proposes to include it here.

Another provision is to correct another error which I must admit. We provided that those who would want to have past service counted should have their contributions based, either upon the actual salaries they received, or the salaries they got when they were first appointed to external affairs. We found in two instances it gave the appointees the right to make contributions on less than the actual salaries they had been receiving, and we do not think that is proper. Therefore we are just taking out that and making it a requirement that their contributions will be based upon the actual salaries that will serve as a basis for determining the pension they will get.

The third point is this. Hon. members felt last year that this was going to be a very generous pension scheme. There are two or three of the thirteen who were appointed who have other military pensions, which means that they would get no benefits out of this. Therefore the third provision is that anyone who is appointed to External Affairs need not make the contributions if he will renounce any benefits from the act. These are the only three things that are provided.

The hon. member has said that some gentlemen appointed to diplomatic rank did not deserve any reward, and he mentioned two. I can assure the hon. gentleman that they were not appointed with the idea of giving them any reward. It was after considerable pressure had been put upon him that Mr. Greene consented to become our high commissioner in Australia and warned us at the time that he did not expect to be able to serve there for more than a couple of years. He is one of those who would be entitled to take advantage of this bill. Since this bill was passed the only appointee who was not taken from the civil service was Mr. Turcotte, who was appointed consul general in Chicago.

The hon. member for Temiscouata says that consuls general should be under the Department of Trade and Commerce and not under the Department of External Affairs. That is a view as to which some good arguments might be advanced. But I can assure the hon. member that the Department of External Affairs and the Department of Trade and Commerce co-operate closely and that exchanges of personnel have been made. We have appointed to diplomatic rank, gentlemen who have served efficiently as trade commissioners. The trade commissioners are still under the Department of Trade and Commerce, but the consuls provide excellent service to the Department of External Affairs.

The hon. gentleman mentioned Mr. Scully in New York. The offices of Mr. Scully in New York would have had to be duplicated for the service of our delegation to the united nations if we had not had those facilities there. Elsewhere so far we have limited consular service. The consuls of course assist in the promotion of trade, but they also render assistance to Canadian nationals who happen to be abroad. In some places we require to have representatives of the Department of External Affairs who can come to the assistance of Canadian nationals who happen to need assistance. This house places at our disposal each year a revolving fund out of which we frequently have to make advances, which are returned, to Canadian nationals who happen to get into difficulties abroad.

The suggestion that there should be a division and that the consular service should be under the jurisdiction of the Department of Trade and Commerce is one that is worthy of consideration, but no solution could be arrived at on this bill. This bill does not provide any extension of benefit beyond that one which, I think it was two years ago, the house generally approved. Hon. members of the house will remember that formerly if a civil servant were dismissed, he did not get back his con-

tributions. The house, I think unanimously, felt that it was improper for such a situation to exist, and that if the contribution for a pension did not mature into a pension, the one who had made the contribution should get it back without interest. That is the only benefit extended here.

The other two provisions are rather restrictive. A man can choose to stay out, not make any contributions and not get any right whatsoever under the bill. The other provision is that he will not have the right to make a smaller contribution than that determined by the actual salary he gets in the period for which he is making the contribution.

Mr. MacINNIS: I think the Secretary of State for External Affairs has explained the bill satisfactorily, and there is really not much to it. Last year when the bill was introduced, we in this section of the house opposed it as being that sort of class legislation that we so often get in this house. However, the bill being passed, I think these amendments are quite proper.

The hon. member for Temiscouata evidently does not like diplomats. I imagine he would agree with the old definition, that a diplomat is an honest man who is sent abroad to lie for his country. He would make an exception and perhaps say they were not all honest men before they left. However, while we could find fault with the appointments made by the government, I think that once an appointment is made it does not serve any useful purpose to criticize it in this house. It does not increase the respect for or the prestige of our representative abroad, wherever he may be. Therefore I think comments along that line would be better left unsaid.

Mr. POULIOT: I wish to thank the Secretary of State for External Affairs for the information that he has given. As usual, he has been clear and concise; he has explained the purpose of the bill. We may differ, and at the same time respect other people's views. But when there is something funny—and I do not say that in order to discredit my country; I say it because I find it funny, and people from other countries who were witnesses to the fact must find it funny too—we should be allowed to laugh. I am sure that if the hon. member for Vancouver East saw some of the diplomats and the pictures that are taken of them, he would laugh heartily. Nevertheless, he would be a good citizen.

The Secretary of State for External Affairs knows that I have great admiration for him, and he admits the views of people who do not share his own. But I understand that Mr. Turcotte will benefit from this bill because when he was appointed he was not a civil servant; and that Mr. Scully who was a deputy minister, and Mr. Senior, who was with the department, will be seconded to the department of the Secretary of State for External Affairs. Is that so?

Mr. ST. LAURENT: They are not precisely seconded. They are appointed to the staff of the Department of External Affairs. But under the bill passed last year, only those who did not have any other superannuation rights are entitled to the rights provided for by last year's bill. Mr. Scully and Mr. Senior were already under the superannuation act in the civil service and continue to remain under that act though becoming members of the staff of External Affairs.

Mr. POULIOT: I thank the minister for the explanation. As I understand it now, the bill applies to full-fledged diplomats and to consuls who were not previously in the government service.

Mr. KNOWLES: Consuls general.

Mr. POULIOT: Yes, consuls general; it applies to consuls. The minister spoke of Mr. Scully, who is doing a good job in New York. That may be so. I heard the same thing said by many others. I hear that Mr. Turcotte is doing well, and I am sure that Mr. Senior will do well too. The thing to do is to centralize the good dispositions of the people of another country and to make them understand the great possibilities of Canada. But I do not think that the positions of consuls and diplomats are interchangeable. The position of trade commissioner is a full-fledged job which is of the utmost importance to this country. What we get through the services of those men, consuls and trade commissioners, is much more than we get from the services of the so-called full fledged diplomats. Our diplomats could disappear and the country would not suffer in consequence except perhaps theoretically; but good trade commissioners, good consuls and good consuls general, with all the assistance of the government, are needed in every part of the world, not only in the United States and the United Kingdom.

Mr. FERGUSON: This nation is associated with all the other nations of the world, and we have a government which appoints diplomatic representatives and trade representatives. I am expressing not only my own views but, I believe, the views of others when I say that it neither decreases nor enhances the ability of our representatives in foreign fields whether they occupy this or that position in a cortege. Whether it be at a duke's funeral or at the funeral of a king, it makes no difference

whether one follows the hearse or the gun carriage; such order of precedence has not much to do with the efficiency of our foreign representatives. I do not believe this is the place to criticize these men personally, and I presume they are all Liberals if they are appointed by a Liberal administration.

Mr. POULIOT: No.

Mr. FERGUSON: Well, I believe that there are good men in my own party and if that party were in power I would try to select men of the greatest ability for appointment to these positions. If I could not find them in my own party I might go to the other party.

Mr. POULIOT: You would do much better.

Mr. FERGUSON: The usual course is to appoint men with the greatest ability and the best brains irrespective of whether they are members of the Rideau club or any other club. I do not think it is the wisest thing to have it broadcast from this House of Commons that a man selected for one of these positions to represent this country has been chosen because he is a member of the Rideau club. I cannot conceive that even the Liberal party would resort to that sort of selection in making appointments.

Section agreed to.

Sections 2, 3 and 4 agreed to.

On section 5—Election not to contribute under section four.

Mr. PEARKES: Would any official who had earned a pension under some other act draw that pension while holding appointment under the Department of External Affairs?

Mr. ST. LAURENT: No. He would not receive both pension and salary. The salary would be adjusted in the light of the amount of pension that was payable.

Section agreed to.

Bill reported, read the third time and passed.

SUPPLY

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

DEPARTMENT OF VETERANS AFFAIRS

532. Departmental administration, $2,253,340.

Hon. MILTON F. GREGG (Minister of Veterans Affairs): Mr. Chairman, I would like to refer to a speech made by the hon. member for Lethbridge on June 8, as reported at page 4903 of *Hansard,* on a motion to go into supply, in which he made certain charges and asked specific questions relating to two cases which have been brought to my attention.

I think the reply would come more properly under this item, which covers general administration, than any other. I regret that I and other members of the parliamentary committee were not in the house when the hon. member made his speech. The committee was in session on veterans affairs and was busy at the time. Neither did I have knowledge that the hon. member intended to discuss these matters. I did not know that he was interested in the two cases to which he referred. If I had known that, I would have been very glad to give him correct and complete information regarding them.

It will be noted that the complaints made by the hon. member the other day were apparently based upon representations made to him by Captain Walter H. Kirchner, of British Columbia. The committee will remember that in times past a number of serious charges had been made by Captain Kirchner, whereupon my predecessor appointed a commission composed of Doctor McCann, Doctor Blair, Doctor McGarry, Mr. Probe and Mr. Winters, all members of this house.

Last fall this commission went to British Columbia and conducted a thorough investigation into all charges made. Both cases referred to the other day were looked into by the commission at that time. The commission submitted its report to the government shortly after I became minister, and on March 9 last I tabled that report in this house. Although the report has been available since March, the hon. member made such unwarranted statements the other day, at the same time demanding replies to his questions, that I feel I should place on record the actual facts regarding these two cases. I do so, Mr. Chairman, much as I deplore the naming of individual veterans in this house, unless it is absolutely essential. But since they were named with regard to the complaints, I can do no other than follow suit now.

No. 77732, Sholto B. McClellan: Mr. McClellan is a veteran of world war I who served from November, 1914, to May, 1918, part of his service being in France. On enlistment his age was thirty-nine years. Following discharge from service, entitlement was conceded for myalgia and pension was awarded in accordance with the extent of disability resulting from that condition. Disability was assessed at 15 per cent and pension went into payment accordingly. Early examination took place on four subsequent occasions, but there was

no indication of any increase in disability. In December, 1923, application was made for treatment in respect of haemorrhoids and the commission conceded entitlement for this condition, which improved with treatment, and there was no resultant disability. In 1926, following discharge from treatment, it was considered that there was increase in the disability resulting from arthritis and pension was increased accordingly to 30 per cent. Again, in 1928, following treatment, there was considered to be further disability and pension was increased to 50 per cent. In 1929 he applied for bronchitis, which the commission ruled to be a post-discharge condition. This claim was heard by the pension appeal court in March, 1931, and was disallowed, as bronchitis was ruled as not attributable to service. During subsequent years he has been examined on different occasions and the pension continued at 50 per cent, which was in accordance with the degree of pensionable disability.

In 1939 he was in receipt of war veterans allowance, which was discontinued in 1942 owing to his having secured employment. As a result of representations received on behalf of this pensioner a re-examination was ordered, and this took place in August, 1947. The x-ray of both knees, both shoulders, spine and pelvis showed moderate hypertrophic-arthritis, and reports indicate that examination showed joint movements as practically full range. There was no evidence of haemorrhoids at the time of this examination, and pension was continued at 50 per cent, which was again considered to be a very fair one for the degree of pensionable disability.

It should be pointed out that the pensioner by this time is seventy-two years of age. This pensioner appeared before the McCann commission in Vancouver in January of this year, and on February 18, 1948, forwarded a statement regarding his case to the members of that commission. The statement was forwarded for the consideration of the commission, and instructions were issued to the Vancouver office on March 22, 1948, to recall him for pension medical re-examination with particular regard to his complaint regarding the assessment of any disability resulting from haemorrhoids.

In a letter which is dated April 2, 1948, he refused to appear. To sum up the case, this veteran of world war I has been fully compensated at all times in accordance with the degree of pensionable disability found on medical re-examination. It must be remembered that he is now seventy-two years of age, and age alone is quite a factor in his present condition. I might add that there would appear to be no reason why he should not now apply for war veterans allowance.

We come now to the second case, No. V-52017, Connorton, F. W. (R.C.N.V.R.). Mr. Connorton served from December 1942 until March 1946, his entire period of service being rendered in Canada. Following discharge a condition of spondylolisthesis, which I am told by the doctors is something approaching difficulty with the lower spine, was diagnosed. And this I might say is a constitutional developmental condition. The commission ruled it to be pre-enlistment in origin and aggravated to the extent of three-fifths during his service in Canada, which was in Canada only.

His last examination was in January of this year when, to quote his own words, he made the following complaint:

> My back feels fair except if I bend over any length of time it becomes painful at the upper part of the fusion and tends to stiffen up.

As a result of reports and specialists' opinions on file and a very thorough examination, his entire disability was assessed at 30 per cent. He has entitlement to an aggravation of three-fifths of that amount, namely 18 per cent, and pension is in payment accordingly. It is of interest to note that when he reported for examination on March 15 of this year he stated he was working.

Questions were asked by the hon. member for Lethbridge, as reported in *Hansard* for June 8, 1948, at page 4903, with reference to Frank W. Connorton. The first question was: Did this man's condition partly result from an appendix operation in June, 1943?

The answer is: The man's condition had no relation to the appendectomy performed in June 1943, while he was in the active forces.

The spinal anaesthetic given at this time, for which eight punctures were alleged to be given, was investigated, and competent medical opinion states that there is no relation between the incidents surrounding this operation and his subsequent back disability.

The second question: Did his tragic final condition partly result from his effort to do work for which surgical bungling had unfitted him?

The answer: Careful examination of the medical treatment shows that there was no "surgical bungling" of this case.

The third question: Did his condition result in any considerable measure from a spinal fusion operation on November 15, 1945, apparently unsuccessful, and subsequent mismanagement on the part of government officials in the army?

The answer: While the Department of Veterans Affairs was not responsible for this man's treatment until March 18, 1946, a review of his treatment that is available on his army file does not disclose any mismanagement on the part of government officials in the army.

The fourth question: Was his misfortune partly the result of a second unsuccessful spinal fusion operation on or about September 18, 1946?

The answer: The unsuccessful spinal fusions done on November 15, 1945, while he was under the medical care of the armed services, and again on September 18, 1946, while he was under the medical care of the Department of Veterans Affairs, are not unusual happenings in the treatment of such cases. These attempted fusion operations did not increase his disability even if they did not completely do away with it.

The public inquiry held under P.C. 4980 to which reference was made earlier, included investigation of such cases in Shaughnessy hospital, Vancouver. Connorton's case was one of those investigated. Some of the conclusions arrived at as a result of investigation are contained in the report of January 8, 1948, paragraph 9 of which states:

> The commission is satisfied with, and finds no basis for complaint concerning the organization, operation and facilities of Shaughnessy hospital and the other institutions inspected.
>
> The commission is satisfied with, and finds no basis for complaint concerning the qualifications of departmental doctors. In two cases veterans harboured resentment against the psychiatric service. Some lack of experience on the part of a junior psychiatrist and the inability of these patients to understand the reasons for psychiatric methods—although allegedly the reasons were fully explained to them —were factors which led to this resentment. The commission is satisfied however that this did not detract from the professional value of the psychiatrist's work nor from the adequacy of the treatment. On the whole, the commission is fully satisfied with the high degree of competence of all departmental doctors.
>
> The commission found that the medical and surgical treatments and the results attained are quite satisfactory and of a high calibre—as high as in any hospital in Canada. The percentage of successful operations at Shaughnessy hospital is, in the opinion of the commission, well in line with that obtaining anywhere in the profession.

The commission examined fully the cases of low back pains and resulting disability because of the emphasis placed by Mr. Kirchner on this group. The commission concluded:

> It was established to the satisfaction of the commission, after detailed questioning of professional witnesses, that while the operation is not always completely successful, the percentage of successes at Shaughnessy is at least as high as that obtaining elsewhere. Back fusion is regarded as a major operation and is only undertaken at Shaughnessy hospital after a consultation at which it has been decided that the operation is in the veteran's best interests and is likely to lead to improvement of his condition. The commission wishes to comment particularly on the high qualifications and exceptional competence of the neurosurgeon specialists at Shaughnessy hospital.

I may say that the part of the report that I quoted was from a unanimous report of the commission.

It will be seen that the commission investigating the type of case of low back pain and investigating specifically the treatment afforded Connorton concluded that the very best of medical attention is afforded this group of cases in the Department of Veterans Affairs and that this treatment is not always successful, but the percentage of successes in the department is as high as in the best treatment institutions in the country.

Further direct questions were asked in the House of Commons on June 8, 1948, page 4906 of *Hansard*, second column. I believe it is the opinion of the best medical men in the dominion—the report would indicate that this is also the opinion of the commission set up under P.C. 4980—that the treatment services given to veterans by the Department of Veterans Affairs are of a very high quality. I do not feel that from a treatment standpoint there are injustices done in the case of Connorton, and I believe that he, and cases similar to his, have received and will receive the best of treatment without the alleged injustices.

Mr. LENNARD: I wish to assure the minister that we do not want to hold up the veterans affairs estimates, but I should like to make a suggestion. The final report of the veterans affairs committee has not been made to the house, and possibly will not be made for several days. I think it would be better if the first item was held over until the report is received. We could pass the other items that could be passed and in that way make headway. After the final report of the committee has been received and we have had some time to study it, we can then deal with the first item, possibly in a short time.

Mr. GREGG: I agree with that.

Mr. BLACKMORE: I know it is a comfort to the committee to have the minister give this report on these two men. The committee will have noticed, however, that the complaint made by Mr. McClellan was in the words which I read into *Hansard*, as reported on page 4903, as follows:

> What we are complaining about is that our records have been mishandled, or, in real truth,

falsified, to make it look as if we were not entitled to pensions.

My evidence clearly shows that the charges are true.

The committee was entitled to expect that the minister would adduce evidence in the McClellan case to show that there was no foundation for his complaint, namely, that there had been falsification of the records as far as McClellan was concerned. The minister has said nothing about this serious aspect of the matter and I submit that the committee is entitled to a thorough treatment of that phase of dealing with veterans. I will leave the McClellan case for the time being.

I return now to the Connorton case. The committee will have noticed that in dealing with the Connorton case the real challenge of the material which I placed on *Hansard* was not met. I think it would be well for me to give a moment or two to that matter. The report presented by the minister is accurate, it is moderately worded, but it does not meet the challenge. I stated that this young man Connorton was well and strong when he joined the forces.

In order to aid the minister in going still further into this question, which I am sure the committee will want him to do, I should like to ask four questions. First, was Connorton formerly an apprentice machinist who for two years prior to enlistment had been serving with the Vancouver Engineering Works Limited? Second, as such was he engaged daily in heavy lifting work and classified by that company as being well above the average of the employees engaged in that class of heavy lifting work? Third, was he classified by the manager of the Vancouver Engineering Works as a first-class workman, intelligent, cheerful and co-operative, and also as one who had demonstrated that he possessed the qualities of a first-class machinist? Fourth, was he classified by the director of apprenticeship of the province of British Columbia as one who would be a valuable asset to the armed forces at his trade occupation?

If the answers to those questions should prove to be "yes", and if it should be established that there is unchallengeable documentary evidence to prove that the answers should be "yes," then the problem which will confront the minister's department will be to show the committee and the country how it came about that a boy who was eighteen years of age on enlistment and who possessed those qualifications should be turned out of the service in 1946 an almost complete wreck as far as doing the kind of work that he had done before was concerned, and yet was ruled as being the victim of a pre-enlistment disability.

[Mr. Blackmore.]

That is the question. We can use technicalities and doctors' terms and all that sort of thing, but the simple fact remains that that boy of eighteen years of age went into the service in apparently perfect physical condition, at least as far as practical considerations were concerned, and he left the service a wreck and yet is reported as suffering from a pre-enlistment disability.

This young man was discharged broken in mind and body. I shall not ask questions on that aspect of the case at present, but would point out that according to the man's own testimony he was suffering on discharge from a prostate gland; he had a bad leg, with muscles tired and locking and the leg aching all the time; he had lost the use of the toes of his left foot after the first spinal fusion; he could not even stand the work of oiling on the *Princess Elaine*. Oiling is a kind of work that does not require heavy lifting. He also says that after his operation for spinal fusion on November 15, 1945, he wore a body cast and a leg cast until approximately the middle of March, 1946. After that he wore a Taylor brace until June, 1946, and he never again was able to do anything like the heavy work which he had been able to do.

The minister said in his statement that the boy was working on March 2, 1948—the minister will correct me if I have not the exact date—but he does not tell us what the boy was working at. I will wager that the boy was not able to do the heavy machine work that he was doing at the age of eighteen before he enlisted, and I make this general observation: that in view of the amount of money he is receiving he would simply have to work or starve. The minister's statement was vague and general.

The next question I asked was: Did this man's condition result partly from an appendix operation in June 1943? In order to enable the minister to go into this matter more thoroughly may I ask him to prepare and give to the committee at a later date answers to the following questions:

1. Did Connorton undergo an appendix operation in the service in June, 1943?

2. Was he given a local anaesthetic for the operation?

3. Was the anaesthetic administered by a departmental medical intern?

4. Was a needle inserted in Connorton's spine eight times before the anaesthetic was effective?

5. Did the man suffer excruciating pain in this anaesthetic operation?

6. Did the medical intern instruct the nursing sister and an orderly to "pin the man down"?

7. Was the man fourteen days in bed after this appendix operation?

8. Did he complain of his back being sore all that time, and did the departmental doctors inform him he would experience back trouble for about two months, when the condition would "clear up"?

By the way, it is rather unusual after an appendix operation to wait two months before the condition clears up.

9. Did they say this was the usual experience of men receiving spinal anaesthetics to localize an operation?

10. Was he given pills to relieve the pain in his back?

11. Was the man bothered with prostate trouble after this operation, and was he given sulphanilamide drugs, penicillin and electrotherapy treatment for this condition?

12. Does the man claim that prostate trouble is still with him?

Mr. GREGG: Would the hon. member permit an interruption? I do not question his sincerity in asking the twelve questions, but he will appreciate that the questions he asks refer to an operation conducted in 1943 while the man was within the armed services and under their medical care. The questions relate, I take it, to conversations in the operating room and afterwards. I can assure the committee that it will be impossible for my department, and I doubt whether it will be possible for the defence department, to answer all these questions at this time. I have tried to give the hon. member, as briefly as possible, such information as I have at this time on both cases, and I shall attempt to give him any further information I have. Now that he has put the matter forward, I think that should cover the situation fairly adequately.

While I am on my feet I might refer to one statement he made as to the falsification of documents; I presume he meant army documents. Any evidence there may have been on that question was looked into by the McCann commission, and nothing has been brought to my attention, in the report or otherwise, that would lead me to believe that there was falsification.

Mr. BLACKMORE: I am glad that the minister has made that statement, because according to the terms of reference of the McCann commission and the press release which was made from Ottawa concerning its activities, I gather that the commission was not appointed to examine the question of the falsification of the records. The press release dated December 6, 1947, concludes with these words:

> The terms of reference call for investigation of adequacy of treatment in D.V.A. hospitals, qualifications and competence of D.V.A. doctors, and the adequacy of pension considerations.

May I submit to the minister—and I do this in all kindliness, not with any desire to criticize him or his department but simply to get at the facts—that the McCann commission was appointed apparently to investigate charges which had been preferred by the member for Acadia and the member for Swift Current in 1947, and those charges had nothing in the world to do with the efficiency of the doctors in the department; so that when the McCann commission by its terms of reference was given the task of investigating the efficiency of the doctors, that was something that was utterly beside the main point at issue which everybody supposed the commission was appointed to investigate.

I shall have a good deal more to say about this matter as the days go by. From what I have been able to gather concerning the McCann commission, the reasons for its appointment, and the way it did its work, as well as the terms of reference to the commission, I have a suspicion that quite a lot of explaining is necessary on the part of a good many people in the department before this house can be satisfied with the McCann commission.

The next question I raised was:

> Did Connorton's tragic final condition partly result from his effort to do work for which surgical bungling had unfitted him?

I should like to ask the minister some questions which he might submit to his department on this question. But before I do that may I refer to one thing that he said in his reply a moment ago? He said that all such matters as are called for in the questions which are asked under the last question would have to do with conversations which would take place in hospital and elsewhere. That is true; but the important thing is that Frank W. Connorton has submitted a deposition in which he solemnly declares the facts as called for in each of these questions. Unless the department can show that Frank W. Connorton was falsifying in his deposition it will have to accept Connorton's words as being valid. That would be my general opinion on the matter.

Now for the questions in respect of my second question:

1. After hospitalization, did Connorton join the minesweeper *Outard* as stoker, November, 1943?

2. Did he complain that his back was then still bothering him?

3. Did he complain that his left leg also began to bother him when doing heavy lifting, the muscles becoming tired and locked?

4. Does he complain that his leg condition is still with him?

5. Was he given a one-man board by Doctor Whitelaw in July, 1944, and X-rayed, and subsequently classed as A-1 physically fit?

6. Did he subsequently complain to another departmental doctor, a Doctor Prior, that his spine was still bothering him?

7. Did Doctor Prior state that he would charge him with "malingering" if he complained again?

8. Was he also examined by other departmental doctors at the Givenchy barracks, Victoria, British Columbia, and did they say there was nothing wrong with him?

Probably the minister will have to say that he has not the information in his department with which to answer these questions, but they are vital. If they suggest the truth, and I am sure they do, then they suggest some pretty serious charges against the men who had to deal with this splendid young man.

The next question I asked was this:

Did Connorton's condition result in any considerable measure from a spinal fusion operation on November 15, 1945, apparently unsuccessful, and subsequent mismanagement on the part of government officials in the army?

I should like to ask several questions to help the minister get the facts concerning that matter for the committee. They are as follows:

1. Was Connorton examined by Doctor Ross Robertson, neurosurgeon, Shaughnessy hospital, Vancouver, British Columbia, and did that physician allege the man had an immature spine?

This is the first of a series of questions. May I just stop here to point out that if the answer to that question is found to be yes, then everyone in this house and in the country can see that there has been culpable blundering on the part of the medical men who had to deal with this soldier before Doctor Ross Robertson came to him. I continue with my questions:

2. Did Doctor Ross Robertson tell the man he would need as remedial treatment a spinal fusion operation to knit the spine?

May I pause here—

The DEPUTY CHAIRMAN: Order. The hon. member for Wentworth suggested a short time ago that the item should stand, and that the hon. member who is asking the questions be given an opportunity to forward his questions to the minister. I wonder whether it would save time if the hon. member would consent to sending his questions to the minister so that he could properly answer them when the committee meets again. If the hon. member would do that, we would save a lot of time.

Mr. BLACKMORE: I can understand the desirability of sending these questions and having a private answer given so that the country as a whole would not know about these questions.

Mr. LENNARD: That is not it at all.

Mr. BLACKMORE: I should like to point out that I have the floor. I want to fight this thing out with the hon. member who just rose and interfered. If this young man can be found to have been the victim of a miscarriage of justice through the various agencies which this parliament has appointed to give such young men justice, then there is only one place where hon. members can weigh that matter, and that is before the high court of parliament. Therefore these questions have to be asked and answered in public so that the people themselves can determine the justice of the treatment of this young man. All I am doing in speaking at this time is taking up the case of this young man. I should like to ask the hon. member who rose a moment ago how he would feel if this man were his son.

Mr. LENNARD: On a point of privilege, I should like to answer the hon. member who has just spoken. I want him to understand that I am just as much interested in all these cases as he is. I merely rose to correct a false impression on his part. There has been no suggestion in this chamber this morning that the questions should be privately answered. The chairman suggested that the hon. member could send his questions to the minister, who could answer them later, publicly, in another meeting of this committee. That is all I said when I rose. I want the hon. member to understand distinctly that I am just as much interested in these cases as he is, and always have been.

Mr. BLACKMORE: I apologize to the hon. member immediately and unreservedly.

The DEPUTY CHAIRMAN: The hon. member has a perfect right to carry on this discussion if he so desires. The only thing I had in mind when I made the suggestion was that it would save some time. We do not want to interfere with the hon. member.

Mr. BLACKMORE: I appreciate that. I am endeavouring to do only what I conceive to be my duty in the circumstances.

At one o'clock the committee took recess.

The committee resumed at three o'clock.

Mr. BLACKMORE: Before the committee took recess for lunch, I was asking several questions bearing upon the question I asked on June 8: Did the condition of Connorton result in any considerable measure from a spinal fusion operation on November 15, 1945, apparently unsuccessful, and subsequent mismanagement on the part of government officials in the army? I asked two questions. May I ask several more:

3. Was Connorton given a spinal fusion operation on November 15, 1945?

4. Did the man lose the use of his toes in the left leg as a result of this operation?

5. Has subsequent remedial treatment for the toes proved ineffective?

6. Was he subsequently examined in the Shaughnessy hospital, Vancouver, British Columbia by the neurosurgeons, Doctors Boucher, Naden, Starr, Thompson and Black?

7. Did these neurosurgeons turn him over to Doctor Stanley, departmental psychiatrist, and did Stanley state that there was nothing wrong with the man except in his imagination?

8. Was the man then discharged from the Shaughnessy hospital without pension for his condition, and did he accept employment as a fireman in the engine room of the C.P.R. steamer *Princess Elaine*?

9. Was he compelled to give up this employment after two weeks on account of his back giving out?

I submit, Mr. Chairman, that when those questions are answered, the answers will have an important bearing on the question whether or not this young man's ills are the result of military service. I asked one more question on June 8. It was this:

Was his misfortune partly the result of a second unsuccessful spinal fusion operation on or about September 18, 1946?

I have three questions to ask that will help the minister in his investigations pertaining to that question. They are as follows:

1. Was Connorton again admitted to Shaughnessy hospital on September 18, 1946, and subsequently given an exploratory operation by opening up the spine?

2. Was he in consequence given a second spinal fusion operation? If so, when?

3. Has the man stated he cannot face the operating table again because of the suffering he has undergone during those two operations and because his powers of resistance are now undermined?

I believe, Mr. Chairman, that when the minister finishes answering those questions, in so far as the information will enable him to answer them, he will be ready to agree with me—and I believe I am only one of the total membership of this committee who has this opinion—that this man is certainly suffering as a result of military service and not as a result of a pre-enlistment disability.

I should like to ask the minister one or two more questions which do not bear particularly on the questions I raised on June 8. The first one of these has to do with Connorton. I should like to ask the minister to conduct a careful examination into the whole situation which is involved in this question and then report to the committee all the details of evidence and considerations upon which the Canadian pension commission, after studying the case of Frank W. Connorton, concluded "that this—the condition of prespondylolisthesis—is of pre-enlistment origin", as stated in paragraph 1 of their decision of May 10, 1947, dated at Ottawa.

Then I wish to ask a question on the case of another man who was under review by the McCann commission, whose case somewhat resembles the Connorton case. I refer to Stanley L. Walsh, V-86097. In this case, after considerable correspondence had taken place, Brigadier J. L. Melville wrote a letter to Walter H. Kirchner, dated September 2, 1947, in which he used the following words in paragraph 2:

. . . the condition under review is partly due to a constitutional defect and under the circumstances must be considered as of pre-enlistment origin . . .

I should like to have all the details of the evidence and considerations upon which the Canadian pension commission arrived at that decision concerning Stanley L. Walsh.

There is another matter which I desire to mention at the present time. On June 8 I had some rather harsh things to say concerning psychiatrists. I wish to ask several questions on the matter of psychiatrists and to have the minister get the answers and inform the committee and the house in detail with respect to these gentlemen. The questions are as follows:

1. Has a psychiatrist in such a position as, say psychiatrist to Shaughnessy hospital, power to destroy utterly a veteran's chance for pension by simply reporting "this man is definitely neurotic"?

2. Can a key psychiatrist free the commission from the responsibility of furnishing either the applicant or his representative with a summary of evidence?

3. Does this arrangement give the psychiatrists a stranglehold upon the medical profession?

4 (a). In order for the psychiatrist to exercise over the veteran such fearful power as is

indicated in questions 2 and 3, is it necessary merely for the psychiatrist to label the veteran a "psychotic"?

(b). If a psychiatrist labels a man as having "emotional instability", will that fact also deprive the man of pension rights?

5. Do psychiatrists use what is called the pentothal test?

6. What is the nature of this test?

7. Do psychiatrists use what is called the truth serum test?

8. Is there any difference between the pentothal and the truth serum test?

9. If so, what?

10. Does the patient under the truth serum test go into a sort of trance, a state somewhat resembling hypnosis?

11. While the patient is in that state, can the psychiatrist make the patient answer questions according to the way they are framed, thereby causing the patient to say almost anything he, the psychiatrist, may desire the patient to say?

12. Can the answers of the patient obtained in such a trance be used to defraud the veteran patient of his rights to pension and proper treatment?

13. Was this very technique employed against certain Hong Kong veterans so to deprive them? For instance, were Hong Kong men who survived the terrible tortures and privations of Japanese prison camps told in their examinations that they were not suffering from those most harrowing experiences but that they were suppressing childhood fantasies and fears?

14. Did Doctor J. P. S. Cathcart, while in office as a sort of official psychiatrist for the Department of Veterans Affairs, publish the following statement?

Popular belief to the contrary, mental diseases are not common hazards of war even for men in the field. If a man is mentally sound on entering the army, navy or air force he runs no greater risk of having his faculties upset than if he continued in civilian life.

Did he declare the belief that wartime service brings mental upset is unfounded and arises from ignorance fostered by ill-advised propaganda?

15. Did the Department of Veterans Affairs for a time base the treatment of veterans policy upon the principle laid down in that pronouncement, namely, that psychosis or neurosis was automatically a pre-enlistment disability?

16. If so, for how long a period and between what dates was this principle used as the basis for departmental treatment of veterans?

17. If not, when and by what pronouncement was the principle and the policy announced in Cathcart's statement changed?

[Mr. Blackmore.]

18. How many veterans' cases were disposed of by the department on the basis of pre-enlistment neurotic or psychotic disability during the period throughout which the Cathcart principle was in use by the department?

Now, Mr. Chairman, I am afraid that when these questions are all accurately answered, and members of this house are able to draw their conclusions as to what sort of treatment our veterans have received at the hands of psychiatrists, there will be something like a sensation in the house and throughout the country.

I have just this general comment to make before leaving this aspect of my questioning of the minister. First, the evidence I have indicates too strongly that psychiatrists attached to the Canadian veterans affairs department are employed occasionally to deprive a deserving veteran of the financial reimbursement to which he is legally entitled. Second, certain of these psychiatrists are of the type exemplified by General Brock Chisholm, a man who gave the definite impression that he was distinctly materialistic, if not crude, sordid or even sadistic in his outlook upon human life. And, third, such so-called psychiatrists, men who should be called rather pseudo-psychiatrists, are not to be named in the same breath with those noble psychiatric healers who in Britain, the United States, Australia and other lands are, with Christlike devotion to spiritual values, salvaging wounded souls stricken by the desecrating hand of war.

When I spoke on June 8 I made remarks which had general application to psychiatrists throughout the country who were employed by the veterans department. I know that the true psychiatrists, the men who are genuine healers, can be a blessing to the mentally stricken, and these men wherever they are in Canada will readily pardon me for any reflection upon them which may have been implied, because they will have readily recognized that some of the things which have been done by so-called psychiatrists in this country have brought into disrepute the whole class of psychiatrists. They will recognize immediately also that it is time something was done to rid the country of the pseudo-psychiatrists who apparently are employed by the veterans affairs department as agents to deprive men of their rights rather than to heal them of their mental ills.

Mr. GREGG: Mr. Chairman, during the session it has been my opportunity since January to provide members of the house with a chance to consult with my officers on any individual cases regarding whom complaints have been laid, by themselves or by somebody in their constituency or somebody they knew.

I would have been very happy if the hon. member for Lethbridge had brought these cases to my attention at any time. I do not complain of the fact that he has brought individual cases before this committee, nor do I mind the work entailed by the large number of questions he has placed on the record this afternoon. I will assure him now in the first place that many of these questions are of the kind that a member of parliament would like to ask of my officials across a desk, or to ask me if I could give the answer orally. If it is his desire to sit in with any of my officials, who are quite familiar with all these cases, I shall be glad to furnish that opportunity.

I would point out that many of the questions are based of course on the service period of the veteran. As the committee knows, we inherit the documents pertaining to that service. We have no authority to go back into army service and seek witnesses who happened to serve at that time, but we will undertake, if he wishes, to make that information available to him personally, and, if that is not satisfactory, then to the best of our ability we will attempt to answer questions appropriate to my department and submit them to the committee.

Having made that statement, and in conformity with the request of the hon. member for Wentworth, I am prepared to permit this item to stand for the time being, especially in view of the fact that the final report of the veterans affairs committee has not been submitted. Before doing so, however, I shall make an explanatory statement regarding item 532.

This vote in 1948-49 provides $633,480 for expenditures of the war service records division which in previous fiscal years were provided for through the Department of National Defence. If it were not for the responsibility for the operation of the war service records division by the Department of Veterans Affairs, the moneys provided in this vote for the year 1948-49 would show a decrease as compared with 1947-48. I wish just to make that explanation. With your permission, Mr. Chairman, we might take up the next item, No. 533.

Item stands.

533. District administration, $3,805,120.

Mr. CHURCH: There is a district office at 55 York street, Toronto, where tens of thousands of cases are handled. I understand that instead of making it necessary to write to Ottawa the district principle is to be applied, so that if anyone has a complaint regarding a pension or some other payment—and after the meetings of the pension committee in the last several years, there are many kinds of extra allowances and other payments—that person could get speedy adjustment of his claim at district offices. Is my understanding in that respect the correct one?

I see hundreds of people coming out of that building at closing time. Many of these cases come to my attention, particularly in the summer months when some of the other members may be away. Has the district officer and his staff in the building at 55 York street, next to the Royal York hotel, power to deal with a case, or must such case be referred to Ottawa before a decision can be given? It is pointed out in some cases that the regulations are not broad enough to permit the district office to act. This condition may have been changed since the meeting of the committee last session.

If it is necessary to get in touch with Ottawa it would cause a great deal of delay. Some of the soldiers and their families have no houses. That is one of their complaints, among others.

Mr. GREGG: I am glad the hon. member has brought this point to my attention, because it has been the aim of the deputy minister to do just what he has suggested, namely, in so far as possible to obtain decentralization of authority. Only last Friday I had the pleasure of visiting all the offices in the Toronto region and discussing with the administrator and the members of his staff the very point my hon. friend has mentioned. I am assured that at the present time there are very few bottlenecks.

Mr. CHURCH: Would the minister also consider the matter of telephone service in Toronto government offices? To my mind the telephone service is all wrong, because one cannot find the right number in the telephone book. What I say applies to every department of the public service in the Toronto district. One goes to one building only to find that the office has been moved to some other building. Surely a large business such as one finds at 55 York street, one which runs into an expenditure of many millions of dollars in pensions and allowances, should have a modern telephone system such as would be found in Eaton's or Simpson's stores. Sometimes I have had to spend half a day walking from one building to another before I reached the right spot. Finally I am directed to go to 465 Bay street, where the hon. member for Peel used to have his law office.

Mr. GRAYDON: And you, too.

Mr. CHURCH: A good deal of time is wasted travelling around because one cannot find the correct telephone number. An office for soldiers has now been opened in the city hall, where complaints can also be made.

Sometimes I am asked, "How can one find the number, or find the new office, because the number in the telephone book is not the correct one?"

This causes a serious inconvenience. The office at 55 York street serves several counties. Some of these soldiers and their families come to the city on Saturdays and find that the offices are closed. I am not complaining about offices closing on Saturday—far from it; but surely a skeleton staff could be left which could take complaints and thereby save the necessity of these people returning on another day. They cannot afford to make these trips; furthermore, the trains are congested. I believe if the minister would consider my suggestion much time might be saved. In Toronto these departments are moving every day, and the result is that the telephone numbers are not correct. We do not know where to find the different departments. Will the minister consider making the necessary change?

Mr. GREGG: I believe I can understand how this may have happened. It has been our attempt so far as possible to concentrate all the activities in the Toronto region under one roof. The Veterans' Land Act administration was moved to that building within the last month or two. I can understand how in some instances the new location might not match up with that given in the telephone directory. I can assure the hon. member this condition will be taken care of.

As to the matter of availability on Saturdays, let me say that our offices are kept open until one o'clock Saturday afternoon, in Toronto and elsewhere.

Mr. POULIOT: I want to tell the minister that, up to now, I am satisfied. I consider his appointment a great improvement in the Department of Veterans Affairs. I shall not add further praise, because too much praise sometimes brings trouble.

I have only one question to ask. A friend of mine had a son in the army. The son died. He was a father, and the grandfather has taken charge of the children. In virtue of the legislation about to be passed, will there be some increase in the pension payable to the grandchildren?

Mr. GREGG: If the veteran father was a pensioner over 50 per cent, the children would be in receipt of pension as orphans.

Mr. POULIOT: How much more will they receive?

Mr. GREGG: Their new pension will be increased by 25 per cent.

[Mr. Church.]

Mr. MILLER: There is a certain matter about which I have spoken to the minister on several occasions since his appointment. He has promised to look into it, and I believe he has now done so. Today I am asking him to review the situation so that we may know exactly where his department stands in the matter. I refer to the abandoned hospital at Kirkfield Park in the constituency of Portage la Prairie, outside of Winnipeg.

If my figures are correct, and if my memory serves me aright, when the project was started the government spent about a quarter of a million dollars, perhaps more, in construction. At the present time all one sees is some substantial foundations and rough buildings. Two or three weeks ago the minister and his parliamentary assistant looked over the situation. I have not yet received a report, although I have spoken to the minister on several occasions and one other hon. member has discussed the matter in the house several times. Either the original plan to construct this hospital was a mistake, or the abandonment of the hospital was a mistake. That has never been made clear in this house.

It seems to me that if the government do not intend to proceed with the construction and use of these buildings, some effort should be made to find somebody willing to make use of what has been constructed. In view of the large expenditure of money I think the committee is entitled to an explanation from the minister. Was it a mistake to plan to construct this hospital? Was it a mistake to abandon construction? What is intended to be done with these buildings and foundations which are lying there as a not very pleasant reminder of a large expenditure of money and the use of scarce building materials?

Mr. GREGG: During a recent visit to Winnipeg with my officials I visited the site of the Kirkfield Park health and occupational centre, as it was intended to be. In October 1945 the wartime committee on hospitalization approved this project, which would have comprised 200 beds at an estimated cost of $700,000. At that time there was a scarcity of hospital beds in Winnipeg and patients were crowded at the Deer Lodge hospital. Moreover, the type of treatment which would have been afforded in this centre would have been of inestimable value for wounded veterans under convalescent treatment here and those coming back from overseas.

My hon. friend has asked whether it was sound reasoning to decide to construct this hospital. He knows more about the circumstances than I do. It was the opinion of those who were responsible then that it was sound

to go forward to provide this accommodation quickly as a health and occupational centre. If it could have been completed at the time it was expected to be finished, it would have served a most useful and important function in the treatment of wounded veterans. That was in 1945. However, factors have arisen which were not predictable at the time which makes the completion of this accommodation at the present time quite doubtful.

Added accommodation was obtained at Brandon military hospital to relieve the congestion at Deer Lodge. Then there were unforeseen delays in construction, and the project was discontinued in July, 1947. At that time relatively little progress had been made. Some $313,000 had been expended, and the completion of the original idea would have called for the expenditure of approximately $600,000 more.

I think it will answer my hon. friend's question if I say that in the opinion of my department it is not considered sound to recommend the completion of the hospital along the lines of the original idea. Perhaps it would answer his last question if I told him that we are actively exploring the possibility of these buildings being used, either by other federal departments or by other public bodies. I shall be able to give a more clear-cut idea of that in the near future.

Mr. MILLER: At the time construction of the building to which I have referred was begun, the department saw fit to close a similar smaller institution at Portage la Prairie. That institution was most favourably located and it was doing good work along these lines. I should like the minister to explain why such a small undertaking as the one at Portage la Prairie would be abandoned when the department was planning for a $600,000 building at the other end of the district. The announcement was made that the Portage la Prairie hospital was being abandoned on the ground that it was not needed, because there were such a small number of beds that were occupied. The hospital at Portage la Prairie was in a much more beautiful location than the other monstrosity on Portage avenue. This undertaking, to cost $600,000, was started and then abandoned. It seems to me that the department must have been working both ends against the middle when they said that they could not use the beds in a small hospital and then started a new hospital at an estimated cost of $600,000. I think my constituents, this committee and the members of the house are entitled to know why the small hospital at Portage la Prairie was closed.

Mr. GREGG: The small hospital at Portage la Prairie was one of some twenty-five hospitals which were part of the camps or other war establishments of the active service forces. It was not considered suitable as a hospital and was discontinued after approximately a year and a half of occupation.

Mr. PEARKES: In what cities are the district administration offices located?

Mr. GREGG: Halifax, Charlottetown, Saint John, Quebec City, Montreal, Ottawa, Kingston, Toronto, North Bay, Hamilton, London, Winnipeg, Regina, Saskatoon, Calgary, Edmonton, Vancouver, with a sub-office at Victoria.

Mr. PEARKES: Are the headquarters of the different branches located in those same centres? For instance, would the headquarters of the Veterans' Land Act be located in all those centres?

Mr. GREGG: The Veterans' Land Act offices are being consolidated, as quickly as we can do it, with the regional offices.

Mr. PEARKES: Are the regional offices and the district offices the same?

Mr. GREGG: We are getting them either under the district office or the regional office as quickly as we can.

Mr. PEARKES: Are they in the same places?

Mr. GREGG: It will be quite a long time before we can bring all the regional offices in, because they are still in the transitional period and performing local services. But just as soon as possible they will be brought in.

Mr. PEARKES: Will the minister indicate at what points regional offices are located where district offices are not?

Mr. GREGG: I shall be glad to give my hon. friend a complete list.

Mr. PEARKES: Is the army benevolent fund being administered through any of the district offices?

Mr. GREGG: No. The army benevolent fund is administered by a semi-autonomous board which includes representatives of the Canadian Legion and of the council of the Canadian veterans association, as well as representatives geographically across Canada. They report to the government through the Minister of Veterans Affairs. During their period of organization, under the chairmanship of the late General Browne, cases of need were coming to the notice of our division right

across Canada which it would have been appropriate for the benevolent fund to look after if the organization had been completed, and during that interim period the board asked veterans affairs officers to administer the limited amount of funds in the various regions as a temporary expedient.

Mr. PEARKES: That period has now passed?

Mr. GREGG: Practically, yes.

Mr. PEARKES: I know that representations have been made to the minister by branches of the Legion on Vancouver island asking that a separate district be established in the southern portion of the island. Has consideration been given to those representations and a decision reached?

Mr. GREGG: We have been considering representations, but have not reached a decision. It did not appear to me that the veterans were not unanimous.

Mr. PEARKES: The decision is unfavourable?

Mr. GREGG: We have not reached a decision.

Mr. PEARKES: I have another question which I should have asked under the previous item. How many copies of the departmental magazine, *Veterans Affairs*, are issued to the various districts? If the minister has not the number by districts, can he tell me the total number of copies distributed, and the cost of publishing the magazine?

Mr. GREGG: I shall be glad to get that information and give it later in the day.

Mr. PEARKES: Perhaps we might have it when we come back to the first item.

Mr. MacNICOL: Last session I brought before the department a matter which since that time has been under discussion with the Toronto office. I was one of those—there were not very many of us in the house—who from the beginning advocated that the South African war veteran should be given consideration under the War Veterans Allowance Act. After that idea had been promoted in the house for a few years the minister's predecessor very generously brought the matter up in the house and it was provided that the South African war veteran should receive the benefit of the act.

Last year in the house I brought up the case of a South African war veteran whom I have known for many years. I will quote what I said in the house on July 16, 1947, as reported at page 5794 of *Hansard*:

What is the position of the South African veterans? I know a man who is married. His wife has a small income. He himself has no income. Would he be entitled to a war veterans' allowance?

Mr. Mackenzie: If he was domiciled in Canada before he volunteered for service.

Mr. MacNicol: He was born here.

Mr. Mackenzie: It is not necessary to be born here; if he was domiciled here, if living here, if his home was here before he went overseas to South Africa, then he would be entitled to the war veterans allowance under the same rate.

Mr. MacNicol: The veteran is entitled to war veterans allowance?

Mr. Mackenzie: Yes; I think there are four hundred of them receiving allowances.

On the following day I sent to the veteran a copy of *Hansard* containing the minister's reply. Nothing came of it for quite some time and then on December 11, I wrote to the minister's predecessor and enclosed an affidavit which had been given to me by the war veteran. I do not want to give his name but will refer to him by the letter "W". I said in my letter to the previous minister:

I wonder if you would have one of your secretaries place in your hands the *Hansard* record of July 16, 1947, referring to my questions and your answers in connection with the case of the South African veteran, Mr. W. of Toronto.

Mr. W. came to see me just before I came down to Ottawa and brought the enclosed affidavit *re* his case.

That is the affidavit I mentioned a moment ago.

I know Mr. W. intimately and am familiar with the serious condition of his health and his inability to work at all on his doctor's orders. As stated in the house, he is wholly dependent on his wife for whatever finances he requires. Mrs. W. has a small income, scarcely enough to maintain herself and provide for the maintenance of her small property.

I found it necessary to write the present minister after he came into office—and in passing I want to congratulate him upon how well he is taking care of his department. As I have already said, the applause he received in Toronto last Saturday is evidence of the popular esteem in which he is held. I will now read a paragraph of the letter I wrote to the present minister about this case, and I am glad to say that it is the only one I shall bring up on his estimates. In my letter to the minister of February 2, 1948, I said:

Personally, I cannot understand this at all. Here is a man now beyond sixty-five years of age who, in his youth and strong young manhood, offered himself in defence of the empire for service in South Africa. The long marches in that hot climate, so hot in the daytime and so cold at night, undermined his health. During all his life, he has not had the physical strength that he should have had, and now, late in life he finds it necessary to make application for war veterans allowance or pension.

The reason for not granting Mr. W. a pension seems to be that his wife owns a property. I

know the property well. It is a duplex. Well, everyone knows that duplexes are next to impossible to sell.

If they were compelled to sell I doubt whether they would get $5,000 for it.

The report sent in about the income of the family gives the income much higher than it really is. Apparently the Toronto office has sent down an erroneous statement on the income of that family. I know it is small. I know the family well. At the present time this noted soldier is in a serious condition. Last Saturday, as I walked down my home city street, I saw him being lifted out of a motor car and carried into his home. I said, "Why, are you not improving?" He said, "I have been in the hospital. They wanted to take off my leg. I cannot stand on the leg, it is in such a state." Surely there is something wrong somewhere.

Here is a man who was in the full strength of his youth. He went into the South African campaign, which everyone who was there knows was not the best kind of campaign for anybody, especially for the health of those who came from a northern climate such as ours. He came back, and all his lifetime he has suffered from disabilities incurred in that campaign. But he never applied for a pension at any time. His record was good. He marched and fought all the way from Cape Town to where the war ended at Bloemfontein or Pretoria. To me it is a shocking shame that he who is penniless himself, who has not a farthing, has to ask his wife for a car ticket if he wants to go downtown. This country never intended that anything like that should happen. He is not asking for the full amount of the war veterans allowance. He would be satisfied with half the amount, because his wife has a very small income. It is so small that I would not call it an income at all. It would not compare for a moment with the ordinary person's income. She and her home can hardly exist on it. That is the state in which he finds himself.

Last year the previous minister said that this man was entitled to the war veterans allowance. What happened after that? Who told the minister that he was not entitled to the allowance? The present minister has been very good. I am one of those who like to support him. I ask him to take this case into consideration and give this noted soldier a square deal. He has not had it. No soldier has a square deal who is treated as this man has been treated. Parliament does not want any soldier to be treated in that way.

This man is penniless. Why should he have to ask his wife for a car ticket? He cannot work. The minister has a copy of the affidavit on file. I will send him another copy of it. His doctors, and the others who have been associated with him, say that he must not do anything because his heart is bad. I said a moment ago that when I saw him he had to be carried out of the car into his home. If that is not a disability I do not know what a disability is.

I will leave the case with the minister. I am not going to ask him to refer to it at the moment. I have urged the case as strongly as I can. I have known this veteran for twenty-five years. I know that he has not earned anything, because he has not been able to work. He has been only an encumbrance to his wife. Why should he not have the war veterans allowance for himself personally?

Mr. GREGG: I assure my hon. friend that I shall be only too glad to look into the case. I would not want to make a statement on it now, but I shall see that it is looked into, particularly in the light of the amendments that have been passed by the house this year, to see if by any chance that should change the situation.

Mr. CHURCH: I should like to ask the minister one more question in connection with item 533, district administration, which is a million and a half less than it was last year. I do not like to delay the passage of this item, but I should like to refer to 55 York street. I have seen women and small children on the streetcar going down to 55 York street to try to get some document executed which may have to come to Ottawa. They have difficulty finding the place and getting the proper assistance.

Some people get into minor trouble and are summoned before a magistrate. When I asked this question before, two or three members of the bar association, of which I am a member, said that they were looking after it. On reading the newspapers in the Toronto district I find that that is not so. Many of these young people get into minor trouble over the week end in Toronto and need help. This is an important factor because the department has a very large building with several hundred employees. I admit that this item calls for an expenditure of $1,563,000 less than last year. No doubt a large number of cases have been settled since the opening of the new Sunnybrook hospital, and other units across the country, which will contribute to lessening the item.

Is there a place in Toronto to which these people can go and have these documents issued? Some of them come down to arrange for bringing a relative out from the old country, or a soldier may be in the hospital. They

are directed to go to an immigration office or to somebody else. In weather such as we shall have in the next three months it is pretty difficult to bring little children with them. They cannot leave them at home. They have to bring them with them on the streetcar. I should think that some officer should be provided to look after them. They have to take an elevator away up to the top of the building. The ground floor is the logical place for these offices—or close to the ground floor, I should think, because it is very difficult to find the place. The federal offices telephone system is practically obsolete. It is not up to date. Wrong numbers and wrong buildings are given, and so forth.

I do not like to see young people appearing before magistrates as they do in these days. So far as I know, some of them are fine young soldiers. A great number of them are soldiers. In these minor cases I believe the time has come when some senior officer should be provided to give assistance in the Toronto district. When a young soldier is charged, the parents should be notified. I have had a bill before the House of Commons for the last three or four years requiring the parents to be notified before imprisonment or before the case is heard. Some of these young people come from the west and the east. Some are just looking for work, and they get into some minor trouble. They are just sent down, and their parents are not even notified. Money is being spent at 55 York street, and efficient work is being done there. I appreciate the good work being done there; it is valuable work; it is money well spent, but we should have some organization in the large cities to take care of these people to whom I refer because some of them have never been in trouble before. A large number of them are first offenders. In my opinion, a legal officer should be provided who could proceed to the police court in the morning to assist these young people. Some of the Christian churches have a representative in the police court. The time has come when something should be done. Some of these people cannot pay a fine. I tried to get the law of England, the Summary Offenders Act, brought in here to give them time to pay, both soldiers and civilians. In Britain they have thus closed half the prisons. When I look at the reports of the provincial and federal prisons, the Attorney General of Canada's institutions, I find that few of these young people are getting in there. I believe that if they have a proper defence the magistrate would take a different view of the case. These people have not even the right to communicate with their parents or their guardians to tell them what has happened. Will the minister look into the three matters I have brought to his attention?

[Mr. Church.]

Mr. GREGG: I shall be glad to look into the points raised by my hon. friend. In all our offices we have a counselling service where a veteran can get advice and find out where things are. If he wants to have an oath completed he can get it done at our offices. I must admit quite frankly that if he or she should get into trouble over the week-end and he or she is a citizen they will probably have to take care of it the same as any other citizen. On any of the things affecting their service our officers are only too glad to provide any assistance they can for any of the minor difficulties of life.

Mr. MATTHEWS (Brandon): A few minutes ago the minister made reference to the small hospital operated in Brandon by his department. It was a former military hospital, and was then taken over by the Department of Veterans Affairs. It is now under the control or the direction of the sanitarium board of Manitoba. I think it is only fair to say on behalf of his officers that that hospital, in the opinion of those who know more about it than I do, was very efficiently operated during the time that it was under the Department of Veterans Affairs, and filled a large place in western Manitoba. I believe the words I have spoken in regard to the minister's department hold equally true with regard to the sanitarium board. I just want to express my word of appreciation for what has been done by the staff and the department in that connection.

Mr. FRASER: A moment ago the minister said these district officers would take the oath of a veteran. Will they also take the oath of a war veteran's widow?

Mr. GREGG: Yes.

Mr. FRASER: They would do that?

Mr. GREGG: Yes.

Mr. FRASER: And will they instruct her how to make out the application for the war widows' allowance?

Mr. GREGG: Yes. They do it every day.

Item agreed to.

534. Rehabilitation services, $4,161,080.

Mr. McKAY: There seems to be confusion between "rehabilitation services" and "benefits". I notice that item 553 definitely refers to benefits. I presume that in that item student veteran benefits will be included. Can the minister give us a breakdown of the amounts that are spent on the various types of

rehabilitation services? I refer particularly to page 291 of the estimates, which gives a breakdown of some of these services, and where temporary assistance is referred to. I should like to know what that temporary assistance refers to, because it amounts to $3,377,000. Can the minister indicate just where we stand on the difference between "services" and "benefits"?

Mr. GREGG: Is the hon. member referring to the breakdown on page 291?

Mr. McKAY: Yes.

Mr. GREGG: With the stress changing from year to year, by the very nature of things we have within the department the necessity of having on our staff perhaps too many temporary employees who know they are temporary. When the work discontinues, our department attempts to do what it can to help them find their most useful sphere in other walks of life. I think that would account for the temporary employees there and perhaps under some other headings as we come to them.

Mr. GREEN: Can the minister tell us what facilities are available for giving training to veterans of the first war who are out of employment but who could be rehabilitated? I know that problem is worrying his own officials in Vancouver. Perhaps it is one of the most important problems with regard to veterans of the first war in every part of Canada. My understanding is that at the present time there is no statutory provision under which these men can be helped by way of training. Yet there is a great work to be done there. As the minister knows, it is difficult for a veteran fifty years of age to get a job. Yet I understand from the minister's own officials that if these men are given certain types of training, it is possible to place them in positions which may well be permanent. I believe there is a real job to be done there. I should like to know whether the department is tackling it; and if so, in what way.

Mr. GREGG: Yes, we are tackling it. It has its difficulties, as the committee will realize. The average age is fifty-nine for world war I. At that age it is difficult for new tricks to be learned.

Mr. GREEN: Of course many are younger than that.

Mr. GREGG: Yes, many are under that age. We have explored the situation fully and are doing so with the Department of Labour. In these courses which are being conducted by the Department of Labour with the provinces, every effort is being made, with regard to these older veterans, to overlook any age limit that may exist. Down on my own coast I know of some cases in which courses in fishing are being given. I must admit that it is not widespread. But in the special work that was started in 1946 under Mr. Philpotts, the department is exploring the opportunities for employment on behalf of those of world war I who have not any special skills. I am glad to report that my department has co-operated in it in some small way. A special drive, if you like, has been put on to make more clear to the public the role of the corps of commissionaires which is composed of carefully chosen men of integrity and discipline right across Canada, in their units, available for positions of trust. That campaign has turned out, I am glad to say, auxiliary opportunities for work that does not normally come within the sphere of the men of the corps of commissionaires. I can assure my hon. friend that there is no phase of the work to which we are giving more attention that the one he mentions; and we shall continue to give it attention.

Mr. McCULLOUGH (Assiniboia): I was about to rise to bring up the question which the hon. member has just asked the minister. I am happy to hear what the minister has had to say in this regard. I realize that for twenty-five years this has been a problem; cases have been brought to my attention in which veterans of the first world war have failed to find employment. I think the program must go farther than merely training veterans who have not employment. Sometimes we find veterans who perhaps have been active in the timber industry, and who, for reasons of health, must refrain from such an active life. They could get work as forest rangers or fire patrol workers. I hope the minister will, as he says, give serious attention to this matter, because a great many of our old veterans have not been rehabilitated.

It has been brought to my attention that on the "medical" of some of these old veterans would appear some such comment as "allergic to work." Unless all those veterans could be brought before the departmental officials, given an opportunity of work and placed in certain employment, it is hard to know just whether or not they would undertake such employment if it was given to them.

Mr. SKEY: May I ask the minister if he would like to discuss student veterans under this item, or should we wait until we reach a later one?

Mr. GREGG: It will be quite all right under this one.

Mr. SKEY: Have the minister's officials any figures on the number of students who have started university courses and who have had to discontinue them without graduating?

Mr. GREGG: Surveys have been made on that point. The last survey was conducted just recently. I remember quite clearly that, out of the 53,000 across Canada who had up to that point gone into universities, approximately 400 had discontinued. Of those, it was indicated in this statistical return that less than one hundred had discontinued owing to shortage of money on which to live. As a matter of fact, I am assured that not more than twenty-five were within that category.

Mr. SKEY: When was this return prepared?

Mr. GREGG: During this session, since the first of this year.

Mr. SKEY: Do the statistics say there are less than twenty-five students who were forced to discontinue for financial reasons?

Mr. GREGG: Yes.

Mr. SKEY: Not twenty-five per cent?

Mr. GREGG: No, twenty-five.

Mr. SKEY: Twenty-five single cases?

Mr. GREGG: Where lack of money was the prime cause of their withdrawal.

Mr. SKEY: That is not in accordance with some information which I have here. For instance, in March of this year, when the University of Toronto students came to call on the minister, they reported that seven out of fifty-eight girls taking courses at one college would have to discontinue, and that thirty-five out of three hundred students at St. Michael's college would be forced to discontinue, in both instances for financial reasons. At that time the department said there had been only sixty-five withdrawals across Canada for financial reasons. That was in March. The minister's department said then there had been sixty-five withdrawals, and we are told now that there are only twenty-five. Yet it is reported by the students' association that there are at least forty-two in addition to the sixty-five of whom the minister has spoken. This strikes me as poor economy and a poor investment for the government to authorize university training and then allow these students to get into a financial position where they are unable to continue that training. Perhaps, after a year or two or even three years, they find themselves in this situation. It is most unfortunate that their whole original investment should be lost, as it can be lost in these cases.

Mr. GREGG: I remember distinctly the delegation that visited me from Toronto university and the prophecies and fears that were expressed by that delegation, as indicated by the hon. member and in consequence of which I checked back on the sixty-five figure. I checked back through the universities and I asked: Are those all leaving or have they all left owing entirely to the shortage of money factor? The answer that came back to me, as submitted to the parliamentary committee, was that those who left owing entirely to lack of money numbered twenty-five. I can assure my hon. friend that the fears expressed by that delegation—and I am glad to say this—have not materialized. I checked on that the other night in Toronto with their own advisory officers and learned that nothing like that had taken place.

Mr. SKEY: It is interesting to hear that, and I thank the minister for the information. But when he says "owing entirely to financial reasons", I would call his attention to something that appeared in Toronto *Varsity*, a statement made by the president of their veterans' association:

> One of the great obstacles in achieving equity has been that the veterans themselves are overly modest and loath to display their financial shortcomings even to D.V.A.

So that the qualification "owing entirely to financial reasons" might be taken perhaps with a grain of salt. One further question on the subject, having to do with ceilings on students' wages. Is there a $75 ceiling on students' outside earnings?

Mr. GREGG: For those at university and under vocational training, what was formerly called the $75 ceiling for the veteran or for the veteran's wife has been removed as from June 1 of this year.

Mr. GREEN: I understand that there is some doubt as to law students. In British Columbia, during the summer, they go into law offices, and one of them told me two or three weeks ago that it looked as though the removal of the ceiling did not apply in those cases. My understanding of the minister's intention was that the ceiling was to be removed entirely, and I think that if the change is being interpreted in this narrow way, in the case of law students and perhaps in the case of other students who are going into offices in their summer vacations, there should be some revision in the methods of the department.

Mr. GREGG: That has been brought up recently. As regards students leaving the cloistered halls and going into hard-boiled

legal offices for training only and for no other purpose, there is no question about continuation, but there are some complications which we are ironing out and I am sure we shall be able to straighten them out satisfactorily.

Mr. GREEN: But until the student has been called to the bar, he remains in training, and my submission is that, until he is called, the ceiling should be removed. I do not know what justification the department can have for putting on a ceiling in this case. These boys are probably not making much money out of the law firms for what work they are doing. It is unfortunate that they should be subject to the ceiling.

Mr. GREGG: We are attempting to get an answer to that, though in some cases they are doing as much for the firm as the junior partner.

Mr. GREEN: Has the department given consideration to an increase in the allowances paid to university students? Some months ago there was a small increase for married students, and then some months later the ceilings were removed, at least in part, but there was never any increase for the single students. I believe they are still getting $60 a month, but the cost of living is going up all the time, particularly the cost of foodstuffs. These young men and women are using up their reserves more and more, and many of them are getting in a worse position all the time. I suggest to the minister that it is worthwhile granting an increase now, in view of the increase in the cost of living. Most of the students will have only a year or two to go, and it does seem a shame to inconvenience them during their final years when a small increase in the allowance might make things so much easier for them. It might mean the difference between success and failure.

Mr. GREGG: In the parliamentary committee I reported my views on this question, and as we shall have an opportunity of discussing the report when the chairman brings in his final submission, I do not think it would be appropriate for me to forestall the report of the committee on that point. I shall be glad to discuss the question later.

Mr. SKEY: May I add my voice to that of the hon. member for Vancouver South by putting forward just this one thought: that although students in certain courses of training at the university may have a considerable amount of spare time, there are those in medicine, science and engineering who have practically no spare time; they are exhausted after their day's work because their whole schedule is taken up from nine o'clock in the morning until five or six o'clock at night. They have not an opportunity to increase their earnings in the same way as some of their friends.

Item agreed to.

535. Treatment services, $38,402,200.

Mr. GREGG: May I at this point answer the question asked a short time ago by the hon. member for Nanaimo. The publication *Veterans Affairs* is published twice monthly at an annual cost of $10,000, or about $400 an issue. The total circulation of the publication is 12,000 copies, distributed as follows: Members of the House of Commons and the Senate, 370; veterans organizations, 2,100; citizens voluntary rehabilitation committees, 800; Department of Veterans Affairs hospitals, 2,600 regional offices, newspapers and other publications, Department of Veterans Affairs district offices, veterans settled under Veterans' Land Act and individual recipients—largely consisting of persons in close touch with groups of veterans—1,400. Those are approximate figures.

Mr. PEARKES: I think this is a great extravagance; and in view of the nature of the publication and the material included, I recommend that a drastic cut be made in the item.

Mr. GREGG: Item 535, as it appears at page 80 of the estimates, indicates an increase of $14,251,560 over last year. By making reference to the details at page 294, one will see that this apparent increase is due to $22,626,000 having been provided in 1947-48 in a separate vote under demobilization and reconversion estimates. So that the true situation is that a total of $46,776,640 was provided in 1947-48 as compared with $38,402,200 in 1948-49. Therefore, in effect, there has been a net decrease of $8,374,440 in the amount provided for treatment services in 1948-49 as compared with 1947-48. As we proceed, it will be noted that an attempt has been made so far as possible to clear out all those items which were formerly carried under demobilization and reconversion and to incorporate them in the appropriate items in the estimates this year.

Mr. PEARKES: I believe it would be appropriate under this item to discuss the amount of money charged veteran patients who are taken into Department of Veterans Affairs hospitals, when such patients are not pensioners and when the cause for their admission to hospital is not attributed to pensionable disability.

I believe I am correct in saying that even chronic cases are not accepted in hospitals unless they are in dire financial straits. I

believe there is a limitation of earnings of $100 before they can be admitted free to one of these hospitals.

When an ordinary veteran goes to one of the Department of Veterans Affairs hospitals where he has to pay for his ward accommodation he is now being charged at the rate of $9 a day. I believe that is a most excessive rate. Members of the Blue Cross association of British Columbia, and men who are admitted to the hospitals by the workmen's compensation board, are charged only $6.70 for ward accommodation in those hospitals. Yet when a veteran goes to a veterans hospital he is charged $9 a day.

Only yesterday we heard another minister of the government refuse to pay more than $4.50 for wards of the government when they are admitted to a general hospital. It seems to me that what is right in one case should be equitable in another. Here we have the government refusing to pay more than $4.50 for its Indian wards when they are admitted to hospitals such as the King's Daughters hospital at Duncan or the general hospital at Chemainus. The government says, "We will not pay more than $4.50." Then it turns around and says to the old soldier, "If you want to come into a hospital which the people of this country have built for old soldiers, you have to pay $9 a day."

The price is exorbitant. I cannot see that there is anything shown but a callous indifference on the part of the government for the personal welfare of old soldiers who have been forced to go into hospital, on account of some disability which cannot be attributed directly to a pensionable ailment. This treatment is cruel and inhuman, and I hope the minister will put an end to such diabolical practices.

Mr. GREGG: I do not propose to answer the hon. member's comments, except at two points. One, at the beginning: I would not accept the strong term "dire need" in connection with our acceptance of the old soldier. For a need approximating anything the equivalent of a 100 per cent pensioner, we would give consideration to accepting him under the terms mentioned by the hon. member.

On the other point, a maximum of $9 a day was mentioned. I would point out, however, that this includes medical treatment. It is an all-inclusive figure, which does not apply to the Blue Cross or to the compensation board. Furthermore, I believe that $9 is the maximum figure in Canada, and that it is not as high as that in all hosiptals.

Mr. PEARKES: I have suggested that it is far too much to ask from an old soldier who comes into a hospital built up by the people of this country for the express purpose of looking after the old soldiers. I know it is suggested that you cannot admit them all. But I do ask that an extension be made to the hospitalization so as to include men who have fought in either the first or the second world war. There is a great opportunity to provide more hospitalization at more reasonable prices and also to enable out-patients to be given treatment in a more generous way than at present.

If I were asked what the greatest weakness in the administration of the Department of Veterans Affairs was, I would say it was the niggardly assistance given to veterans who are not eligible for hospital treatment because their ailments are not directly attributable to a war disability. We could extend these services a great deal more. Legion branches all over Canada have been passing resolutions on this point, and it is something which should receive the most careful consideration of the minister.

Mr. BLAIR: Does that $9 ward rate charged to old soldiers cover medical services as well? In the east you can get a private room for $9. Even if medical treatment is included I think the price is far beyond that charged by any average hospital in this country.

Mr. GREGG: It does include medical treatment.

Mr. FRASER: So does the $4.50 which the health department pays for the Indians, and that includes operations and everything else.

Mr. FULTON: I am pleased to support everything that has been said by the hon. member for Nanaimo, and I do so on the basis of several cases that have come to my attention, to only one of which I shall refer. This particular case has been taken up with the department. It concerns a veteran who applied for admission to Shaughnessy hospital; but, because the ailment from which he was suffering was not that for which he was pensioned, it was some two or three months before they finally decided to admit him. The seriousness of this situation can be appreciated when I say that shortly after the veteran was admitted he underwent an operation from which he did not recover. There are good grounds for supposing that, had he been admitted when he first made application, the true cause of his trouble might have been discovered and his life prolonged.

As the hon. member for Nanaimo has said, this question of veterans applying for admission to hospitals for treatment of ailments other than those for which they are pensioned requires the most careful study and sympathetic consideration. These veterans should be able to have the benefits of hospitalization. As

was pointed out, these hospitals were built by the people of Canada for the treatment of old soldiers.

Mr. GREEN: What is the departmental policy with regard to the hospitalization of veterans for ailments other than their war disabilities? I think we should have that picture cleared up. Apparently this is a new departure, although I believe that for many years a veteran without resources could get hospitalization without any allowances. This charging a veteran the same rate that would be charged in a civilian hospital is something comparatively new, and I believe the minister should give us the whole story.

While he is doing that, will he also say whether consideration has been given to providing hospitalization for war widows? Apparently Australia decided this year to provide free hospitalization for war widows and their children in government hospitals. I have a press dispatch from Brisbane, dated March 1 of this year and reading as follows:

Australia Gives War Widows Hospital Care

Australia's 21,000 war widows and their 13,000 children under 16 years of age will shortly get free medical treatment at war veterans' hospitals.

Under a new scheme they will get specialist care, a full range of medicines and drugs, and X-ray diagnosis.

At present widows and children receive only limited medical care from the government.

What is the policy of the Canadian government with regard to war widows and their children?

Mr. GREGG: May I deal with the second point first? Up to date we have no authority under our statutes for taking care of war widows or their children.

Mr. GREEN: Has any consideration been given to adopting a policy of that kind?

Mr. GREGG: It was discussed this year in the veterans affairs committee and representations were made there. However, nothing has been done.

Mr. GREEN: Is the government considering the question quite apart from the veterans affairs committee?

Mr. GREGG: Yes, we have considered it. I should like to refresh my mind as to the details of the hospital policy in connection with those who are not pensioners, and I will submit full details to the committee later on.

Mr. GREEN: It would be most beneficial if the minister could give us the full picture of what is being done.

Mr. GREGG: It has not changed greatly, but I shall do that.

Mr. FERGUSON: Two weeks ago I asked the department if a veteran who had been ordered by the proper authorities to report to a military hospital for treatment would be entitled to transportation to and from his home, including taxi cabs if necessary. May I ask that question again?

Mr. GREGG: The answer is yes.

Mr. FERGUSON: What would the minister think if the following were proved to be the fact? A veteran went to Christie Street hospital and received treatment. After his treatment was completed, he was told by the nurse to get ready to leave on a certain date, that a taxi cab would be there to transport him to the union station at a certain hour. The veteran got ready and he asked for his transportation and was told that it was not ready for him. Fortunately his son had called at the hospital for him and he paid for the taxi cab. He inquired from the taxi cab driver who had been ordered by the authorities at Christie Street to pick up this veteran whether he had paid, and the taxi cab driver immediately replied that no such arrangements had been made.

This veteran was completely disabled, but fortunately he had his son with him and he paid for the taxi cab. It took several weeks of correspondence finally to obtain the transportation from the institution. I say in all friendliness to the minister that I hope he will make immediate inquiry about the actions of the men and women in that hospital who are supposed to provide transportation for disabled veterans.

Transportation should be sent to these men before they leave their homes. We cannot surmise that they will all be men able to pay for their own transportation. They may be living on a small allowance. Certainly, when they leave the institutions they should be treated in the same way as we were during the last war. When we left the hospital a pass was placed in our hands and they said, "Good-bye and good luck to you." But here a man is sent to the station in a taxi which has been ordered by someone in authority at Christie Street, and when he arrives at the station he finds that no arrangements had been made for his rail or taxi transportation. It may be discovered that some person is doing something that should not be done, something not according to the rules in the book. If a veteran arrives at a hospital and, not knowing the rules, does not ask for transportation, it should automatically be given to him; or if upon discharge he does not ask for trans-

portation he should be followed up with a letter saying, "You were entitled to your transportation and we forgot to give it to you when you left the hospital. Here it is." I am sure that if the minister will make an investigation at Christie Street hospital he will find that every disabled veteran has not been provided with transportation.

Mr. GREGG: If the hon. member will give me the details of this or similar cases I shall be glad to look into them.

Mr. FERGUSON: I shall be glad to do that.

Mr. SKEY: I want to take the minister into another phase of hospitalization which I think is important, and to present it properly I shall have to go back into history. I refer to the domiciliary care of veterans on a small pension or receiving the war veterans allowance who are now hospitalized in such places as the Red Chevron in Toronto. If their pension is not sufficient to provide them with certain necessary amenities they are granted $5 a month for comforts and $5 a month for clothes. This policy resulted from the deliberations of the committee of 1922 and was implemented in 1924. Between then and 1936 the amount was raised to $20 a month; I presume $10 a month was for comforts and $10 a month for clothes. But in 1936 the department reduced the amount to $10 a month—$5 for comforts and $5 for clothes. It requires no extended argument on my part to convince the minister that $5 a month in 1936 was worth a good deal more than $5 a month is today. All that has been brought out in the veterans affairs committee and in the prices committee. A lot of these old veterans are chronic cases who will probably finish their days in these hospitals; and, as I say, they are receiving only $5 a month for comforts, for such things as cigarettes, toothpaste, and a lot of other little things that help to make their lives happier. There is another $5 a month available for clothes but that $5 is put away in their clothing account.

I rise this afternoon to protest against any pensioner of Canada or any soldier with meritorious service sufficient to entitle him to the war veterans allowance spending the rest of his days in hospital with an allowance of only $5 a month to buy the ordinary small comforts of life. I feel very strongly that the minister's department is placing these old veterans and the younger veterans of world war II in an impossible position in allowing them only $5 a month for comforts, and that a change in the regulations is imperative. The first change I would recommend would be that the minister bring the rates back to what they were before they were changed in 1936. If the minister cannot do that he could at least make $10 a month available to the veteran to use as he sees fit. If the minister cannot do that, he could at least raise the amount available for comforts just as pensions and the war veterans allowance have been raised on the recommendation of the veterans committee.

Mr. GREGG: I did not realize that there had been a reduction in the amount allowed for clothing and comforts. However I shall be glad to look into the matter.

Mr. SKEY: I am taking my information from a veteran. Of course I may be wrong.

Mr. GREGG: I will check on it. Leaving aside for the moment that question, and without attempting in any way to argue whether $5 a month is enough for comforts for these older men, I should like to say how greatly encouraged I was during the last few weeks in visiting some of these homes in the western part of our country, in Winnipeg, in Saskatchewan at the former lieutenant governor's home, and in Vancouver and Victoria. I think I talked with ninety per cent of the men who were resident there. It may have been kindness or politeness, but I must say that none of them raised the point now raised by my hon. friend. It may be it was something that they did not want to raise.

But leaving that aside as something to look into, I can assure the committee that the conditions under which these veterans were living were such as to make one's heart glad. Old men who would never be able to work were receiving attention and care from charming nurses and visits from the people of the community, and while I was in one hospital, a group of veterans were listening with great gusto to a boxing match coming over the radio, and showing every sign of living a life of contentment during a period of their years when they were no longer able to work. I am free to admit that there are others who are able and anxious to work, and we are prepared to help them gain that opportunity through the national employment service. I will take the point raised by my hon. friend into consideration and see what can be done.

Mr. SKEY: With what the minister has had to say in regard to the hospitals, I must agree in large measure. They are ably staffed, and the people who are in charge of most of them are experienced in their work and do a tremendous amount to make the days of these old veterans of Canada as happy as possible. I am expressing today what may be the only remaining irritation of these veterans. It may seem a trifling matter to the government with

a budget surplus of half a million dollars, but these old soldiers are forced to pinch and scrape on the little pocket-money they are allowed, and their lives would be made much happier if a larger allowance were made for comforts.

Mr. BLAIR: There are places in Canada where every once in a while a veteran is transferred from a military to a civilian hospital. In a case like that, how much does the department pay to the civilian hospital in ward rates?

Mr. GREGG: I am told that the average would be $6.70, and we provide the medical service.

Mr. PEARKES: Under what terms are imperial soldiers admitted into D.V.A. hospitals?

Mr. GREGG: If they are in receipt of a Canadian pension or war veterans allowance they are treated exactly the same as Canadians.

Mr. PEARKES: If they are in receipt of an imperial pension, under certain conditions they are admitted into D.V.A. hospitals.

Mr. GREGG: Not unless that imperial pension is augmented by our Canadian pension, indicating that they were domiciled in Canada, but not if it is imperial pension alone.

Mr. PEARKES: I should like the minister to be quite certain that that answer is correct. Suppose a British pensioner has an ailment which is attributed to his service, and that pensioner is living in Canada; can he not be admitted into our D.V.A. hospitals?

Mr. GREGG: If it is a British pension entirely? I understand that there are cases where we do take them in for treatment and all purposes, but at the cost of the British pension commission.

Mr. PEARKES: That is what I was asking. Their hospitalization is paid by the British ministry. Permission has to be obtained from the high commissioner's office here, I presume, or whatever office it is.

Mr. GREGG: The British ministry of pensions.

Mr. PEARKES: Then they are admitted into our hospitals. Are they charged at the rate of $9 a day?

Mr. GREGG: They are charged at the standard rates of the hospital, if it is $9. Under the other arrangement it would be $9.

Mr. PEARKES: That would be paid by the British authorities.

Mr. GREGG: Yes.

Mr. PEARKES: I notice that there is no classification of seamstresses in the details. Recently such a classification was adopted by hospitals run by the Department of National Health and Welfare. The department has classifications for housekeepers and waitresses. It is quite obvious that seamstresses are required in our veterans hospitals exactly as they are required in hospitals conducted by the Department of National Health and Welfare. Until recently they were paying their seamstresses', waitresses' or housemaids' pay in the Department of National Health and Welfare. I suggest that we need seamstresses. Can the minister say whether seamstresses are employed, and if so what rate are they paid, because I do not see it in the list of details?

Mr. GREGG: I believe we have seamstresses, but I do not know how they are classified here. May I refer to that later?

Mr. PEARKES: Yes, if you would, because I do not think you will find it. They should be paid more than the rate paid for ordinary maid service. They should be paid on the same basis as the Department of National Health and Welfare pays.

Mr. GREGG: I will get the information.

Mr. LENNARD: I have one complaint to make which has not been mentioned so far this afternoon. Some months ago enabling orders were issued by D.V.A. headquarters to permit the employment of optometrists on the staffs of D.V.A. hospitals and in clinics dealing with veterans' cases. Up to the moment, to the best of my knowledge, not one optometrist has been employed. Are any being employed? These services are now being performed by ophthalmologists, and they are jealous of their position. My point is this. The ophthalmologist makes the examination and the optician fills the prescription. If some optometrists were employed by the department they would make the examination, fill the prescription and be responsible for it. I know that in many cases today chaps are getting the wrong lenses. I am not saying who is to blame. I feel it would be far more businesslike for the optometrist, the man who makes the examination, to fill the prescription and be responsible for it.

Mr. GREGG: I thank the hon. member for Wentworth for his suggestion. I shall be glad to look into it.

Mr. SKEY: I have one further word on the treatment side, and I wish to bring it to the attention of the minister. I do not intend to mention any names, but I have in mind five cases in which veterans suffering from some kind of war neurosis have had great difficulty

in getting assistance from the Department of Veterans Affairs. I refer to an article, one of the last written by Kenneth Cragg, of the *Globe and Mail,* datelined Ottawa, January 30. In this article Mr. Cragg mentions that in the view of the Department of Veterans Affairs pensions should be allowed only in rare and fairly well-defined instances. He goes on to say that if you grant a pension to a neurotic you may handicap him for life. I understand from the hon. member for Lanark that this is also the view of the United States government and of the British government. Therefore I have no quarrel with that view in a medical way, because I would not be well enough informed to quarrel with it.

The point I wish to make is a very simple one. These men are genuinely suffering from a war disability. It may be true that to pension them would do more harm than it would good, but there is one thing to which they should be entitled. I suppose it would require a new definition in the Department of Veterans Affairs. They should be entitled to treatment and hospitalization, when their parents, their wives or their families, or even they themselves, request it. That seems to me to be the least that we can do for a man who has a disability aggravated or caused in part or in whole by the war. He should be admitted to a veterans hospital, because he should receive a category which will make it possible for him to be admitted to any veterans hospital in Canada.

I have had experience in trying to get two of these men into hospital. They had nothing on their records. They were not sick. They were discharged fit, and all the rest of it; yet they had a history of neurosis in the services which in some cases was quite severe. There is the family background in both cases. It was very sad and compelling. I do not want to go into it. In the one case the hon. member for Wellington South and I were forced to co-operate in order to get a man into the hospital in London, Ontario. My only complaint or suggestion to the department in this instance is that some notation should be made on a veteran's document that he suffers from this type of illness or disability, so that he will have free access to our hospitals, should he require hospitalization.

Mr. GREGG: I should like to say that the problem mentioned by the hon. member is one that our medical people recognize fully. I know of cases myself which come within that category, and we are attempting to find something like an answer.

Mr. SKEY: I make the suggestion.

[Mr. Skey.]

Mr. McCULLOUGH (Assiniboia): I have something I wish to bring to the attention of the minister under this item, and perhaps it is involved in item 537. It has to do with the Canadians who enlisted in the Belgian army. I believe there are about two or three hundred of these Canadian citizens who fought in the last great war.

One case that has been brought to my attention is that of a young veteran who was hospitalized for tuberculosis after the war. I managed to have his hospitalization taken care of, but he has been suffering from ill health ever since. Since the Department of Veterans Affairs does not pay a pension until the Belgian office is ready to pay their pension—in which case the Canadian veterans affairs department will supplement that pension—the situation is that this young veteran has no income. He is invalided. His only way or means of obtaining a livelihood is by remaining at home. Since two or three hundred other veterans might be in this situation, I should like the minister to comment on it. Can anything be done to hasten payment by the Belgian office? I have been in communication with the Belgian office on several different occasions trying to get some action on this matter, but have had no success.

Mr. GREGG: I will consider that matter under item 537. Offhand I do not see that there is anything we could do except attempting to hasten payment. But I will check on the matter and give a further reply.

Item agreed to.

536. Prosthetic services, $952,584.

Mr. HARKNESS: I should like to ask the minister what the situation is now with regard to the provision of hearing aids. I know that not so long ago the veteran who needed a hearing aid was provided with a certain one that the department had apparently adopted. That was the only one he could get, whether it fitted him, whether he thought it worked properly or whether it was any good to him or not. I know that a change has been made in regard to the matter, and I think the veteran who requires a hearing aid now has more choice. But I do not know whether he yet has a more or less full choice among the various types of equipment. Will the minister say just what the situation is?

Mr. GREGG: The situation now is that the veteran has his own choice. If his choice should be for equipment that our people know is not a good kind, they will tell him so. But with that proviso, under counselling they have their free choice.

Item agreed to.

537. Administration expenses, including chairman of the Canadian pension commission at $1,000 and the deputy chairman of the Canadian pension commission at $500 additional to chapter 62, statutes of 1946, $2,364,452.

Mr. CASE: I wish to ask the minister this more or less general question. I understand that representations have now been made on behalf of the Canadian merchant marine. Can the minister say whether or not the department now has any set policy with respect to consideration for the Canadian merchant marine?

Mr. GREGG: That was one of the points on which item 532, general departmental administration, was allowed to stand. That matter has been fully discussed by the parliamentary committee, and it would be premature for me to discuss it here before the committee submits its report. But there will be opportunity to discuss it later.

Mr. McCULLOUGH (Assiniboia): Will the minister comment on the question I just asked?

Mr. GREGG: Perhaps it might stand until a little later.

Item agreed to.

539. War veterans allowance board—administration, $229,903.

Mr. FRASER: I have a case in which a veteran is entitled to a burnt-out pension, I imagine you would call it, or veterans pension.

Mr. MUTCH: Veterans allowance.

Mr. FRASER: Yes. But he has a sister whom he has kept for some twenty-five or thirty years. This man has a small bank account, and he is trying to keep it so that he can look after his sister and bury her. But he cannot get the veterans allowance until such time as he gets rid of this money. He could easily go out and spend it overnight, but he does not want to do that. I suppose he could give it away and then come under the allowance. Is there any way in which this man could come under the veterans allowance?

Mr. MUTCH: How much money has he?

Mr. FRASER: About $3,000.

Mr. MUTCH: He has $1,800 too much.

Mr. GREGG: The act was to provide for people who were in necessity and without means of support. The amount mentioned would be in excess of the amount that would enable us to do anything for him.

Mr. FRASER: Suppose this man went out and gave a part of that money away. What happens then? Is he entitled to the allowance?

Mr. GREGG: I think it would be necessary for our officers to say that, if he considered that he could give that money away, he did not have any necessity for it; and consequently that he would not be in necessity in that particular situation.

Mr. FRASER: That is what I was afraid of. Could he give the money to his sister, to look after her?

Mr. GREGG: The deputy minister quotes the words, that if he rids himself of the property for the purpose of entitling him to come under the act, he would not be eligible. The matter of intention would enter into it, as it does in so many things.

Item agreed to.

540. Veterans' insurance, $98,329.

Mr. PEARKES: Will the minister explain briefly the purpose of this insurance? Is it to assist veterans to take out life insurance without a medical examination?

Mr. GREGG: It is to enable veterans to get insurance who may be in a less robust physical condition than normal people. There are some occasions on which a medical examination may be required, but in most cases it is not.

Mr. PEARKES: Can the minister say why veterans who served in the allied forces, who are allowed practically every other benefit under the veterans legislation, are prohibited from taking advantage of this insurance?

Mr. GREGG: As it stands now, if they are in receipt of a pension they may be eligible for insurance. As to the other question, I do not know whether that was taken up in the veterans affairs committee or not.

Mr. PEARKES: It has not been taken up in the veterans affairs committee. That is why I raised it here. Those veterans are entitled to practically every other veterans benefit, with some slight modifications; yet they are debarred from taking advantage of this insurance. I am referring to those veterans who were domiciled in Canada before the war, who fought with an allied force, then came back and are now domiciled in Canada. To all intents and purposes they are Canadians. Why should they not have the benefit of this insurance legislation in exactly the same way as any other Canadian has?

Mr. GREGG: If there should be any demand in that field, the matter might be considered.

Mr. PEARKES: May it be considered now? Will the minister take it into consideration? Will he refer it to the committee on veterans affairs either now or in the future? This seems to me to be an unfair restriction.

Mr. GREGG: I shall be glad to consider it.

Mr. McKAY: Will the minister say whether or not veterans insurance is strictly a government enterprise, or are policies underwritten by Canadian life insurance companies?

Mr. GREGG: It is entirely and strictly a government enterprise.

Item agreed to.

Payments to or for veterans and dependents—

541. Pensions for disability and death, including pensions granted under the authority of the civilian government employees (war) compensation order P.C. 45/8848 of 22nd November, 1944, which shall be subject to the Pension Act, $80,014,000.

Mr. GREEN: What are the latest figures on applications for pension which have been turned down on the ground that the applicant was suffering from a pre-enlistment condition not aggravated? In the veterans affairs committee in 1946 we were given figures up to December 31, 1945, and they showed that, of veterans who had service in a theatre of actual war outside Canada, 7,810 had been refused pension on the ground that their disability was pre-enlistment and not aggravated, and that, of those with service wholly in Canada, the figure was 54,207. Last year I got figures up to June 30, 1947, and they showed that of those with service in a theatre of war, the number was 13,321, and service wholly in Canada, 72,340. That was a total of 85,661 whose application for pension had been refused on the ground that they were suffering from a pre-enlistment condition not aggravated. Can the minister give us any later figures? It will be noticed that the last figures are up to June 30, 1947.

Mr. GREGG: We have no figures later than those, but we could obtain them up to the beginning of 1948. I understand that there would not be a great increase at the present time.

Mr. GREEN: They can be got up to the end of 1947?

Mr. GREGG: Yes.

Mr. GREEN: I would ask that that be done.

Mr. GREGG: Perhaps under the item that has been allowed to stand.

Mr. LENNARD: There is one class of men who should have entitlement, and that is those who adopted children after the pensionable injury occurred. Usually children are adopted for very good reasons, and certainly not with a view to obtaining the few additional dollars that might be received in the way of pension. Suppose a pensioner is unable to have children naturally and wishes to adopt a child. If the local authorities consider him of sufficiently good character, a man of good calibre, to entrust him with the upbringing of a child, the pension commission turn him down if the adoption took place after the pensionable injury occurred. That is something which certainly does not take place where the child is the natural offspring of the pensioner, even if it is born after the injury has been sustained. This is a class who, in my opinion, should receive serious consideration by the department.

Mr. CASE: I have one question to ask the minister and I think it will be of general interest to the committee. An English subject enlisted with the Canadian army overseas. He served with the Canadian army, later married, now has two children, and is a 100 per cent disability case, receiving his cheque regularly from the Canadian government. He now seeks admission to Canada. Is there anything to prevent his coming to Canada?

Mr. GREGG: Does my hon. friend mean, if he comes to Canada will he lose his pension?

Mr. CASE: No. The question is, can he come to Canada? He has never been able to come here.

Mr. GREGG: By virtue of his service in the Canadian army, one would think he would be a Canadian citizen, but that would be a matter entirely within the jurisdiction of the immigration authorities, and I would not care to make a comment.

Mr. CASE: I am bringing up the question because I think it is of interest to the committee generally.

Mr. LENNARD: In that connection, I should think this would be a matter for the Department of Veterans Affairs to take up with the immigration authorities.

Mr. GREGG: I was going to add that. If the hon. member will give me the facts of the case I shall try to unravel it.

Mr. CARDIFF: Has the department considered any provision for a man who served at least five years overseas, without any black marks against him, and who now finds himself in the position where he is unable to hold a job, his condition appearing to have been pre-enlistment? Is there any provision for such chaps? This man served five years overseas.

and he cannot now hold a job owing to his disability, the department claiming that it is pre-enlistment. He had no black marks against him during his five years of service. Surely he deserves consideration now.

Mr. GREGG: It was for such veterans that special arrangements were made under the War Veterans Allowance Act. His physical condition now, which is non-pensionable, is due to a pre-enlistment disorder, and for that reason he is unemployable. He should make application for war veterans allowance, regardless of his age, if he had service outside Canada in the last war.

Mr. QUELCH: In view of the amendment passed to section 11 1(c), striking out the words "wilfully and deliberately concealed", will a review be made of those cases where pension was refused on the ground that the applicant had wilfully concealed disability at the time of enlistment?

Mr. GREGG: That is under way now.

Mr. QUELCH: Upon application only?

Mr. GREGG: Yes.

Mr. GREEN: Why should it be necessary for the veteran to apply? There will be thousands of these veterans who will never know that they can apply. One good illustration of the difficulty in that connection is the trouble which the minister's colleague, the Minister of Finance, or perhaps it is the Minister of National Revenue, is having in locating people who have refundable savings coming to them. One would suppose that every person having refundable savings payable to him would let the department know of his whereabouts, but apparently there are thousands of such persons who are not communicating with the department. The same is true of veterans. There will be veterans in places all over Canada who will never learn that they can get pension in consequence of the change in the section, and I suggest that in all cases in which pension has been refused there should be a review automatically by the pension commission and the pensions granted without the commission sitting back and waiting for the veteran to apply. It is most unfair to hold out on the veteran in that way.

Mr. GREGG: In the matter of making known those changes that have been made in all veterans legislation this session, as soon as the session closes there will be a conference on the part of my officials for the purpose of publishing a summary, and also working out plans which we feel can best carry out the letter and spirit of those amendments, along the lines mentioned here. I can assure hon. members that no effort will be spared to attempt to interpret those amendments in the best possible way.

Mr. GREEN: The minister will recall that during the earlier discussions of the special committee there was agreement to recommend to the department that meritorious pensions granted under section 21, should be automatically increased without its being necessary to wait for an application from the pensioner. I am sure that all members who served on the committee would like to have cases which will benefit by the other changes dealt with automatically in the same way, without the necessity of having to wait for applications to be made. If there are other amendments to the act benefiting veterans, then I think those benefits should go out automatically. Such cases should be dealt with automatically, and there should be no need to wait for an application.

Mr. QUELCH: I agree with the hon. member for Vancouver South. It would be much simpler to do it on an automatic basis than to wait for applications. There is no question that many veterans will never know this legislation has been passed. As we go across the country, we find that many statutes with which one would think people would be familiar, and which have been given publicity, are not well known. There will be many cases where veterans have been denied pensions on the ground that their disabilities were of pre-enlistment origin. That veteran may still be denied later on, on the ground that it was recorded. I suggest, therefore, that in every case where the pension commission have a file of a list of soldiers or veterans who were denied pensions on the ground that for a time they wilfully concealed their disability, those cases should be taken up and reviewed. There will be some cases where disabilities may have been recorded, and where veterans would not be eligible for pensions.

Mr. MacINNIS: Since I was not a member of the special committee on veterans affairs I hesitate to say anything here, because there are so many other members quite capable of dealing with the matter. However I would associate myself with the hon. members for Vancouver South and Acadia in what they have said this afternoon. It seems to me that where an improvement has been made in the Pension Act or in the War Veterans Allowance Act, where it is on record that a person would be entitled to the improved benefits of the act, the department should not wait for the individuals concerned to make applications. Those cases should now be taken up automatically by the department. They

should be advised that they are now eligible for the improved pension or allowance, as the case may be.

Mr. GREGG: I can assure hon. members who have spoken that the object they have in mind is exactly that of the department. Perhaps it has been overlooked, but steps will be taken to do what is desired. The point is this: Is it better for us now to go into files which have been semi-dead, when we have pensions advocates who have under their care cases such as those we have been discussing and who have been bringing them back for review by the pension board. It is a case of having to decide, as I think we must, which appears to us to require priority, to accomplish what has been mentioned this afternoon.

Mr. GREEN: But there are only a handful of pensions advocates across the country. They will be working with a very small number of these cases in which pensions have been refused on certain grounds which have now been removed. There will be only a handful of those cases on the desks of the pensions advocates. If the department does not move to grant the pensions it may be years before these veterans receive any benefit from the legislation. I suggest that a staff should be put to work in the Department of Veterans Affairs right away to go over these cases which have been turned down, and to arrange that the veterans receive the benefits.

Mr. KNOWLES: There is one other point I should like to bring to the minister's attention. As the minister recalls, in respect of the increase both in the disability pension and in the war veterans allowance, it has been made clear that those amounts will be paid automatically. On the basis of that information I have answered letters telling veterans that they do not have to apply for those adjustments, but they need only bide their time and the adjustments will be made. It seems to me that the effect of that will carry over into this stage of the matter as well. Veterans generally will tend to feel that it is automatic, and they will not apply until they discover that it is not.

Mr. QUELCH: Surely veterans bureaux or veterans advocates will not have complete files of cases where veterans have been denied pensions on the ground that disability was wilfully concealed.

Mr. GREGG: Complete files will be available. But I can assure hon. members that this discussion will be kept carefully in mind in working out the plans to review these cases.

[Mr. MacInnis.]

May I reply to a question asked about Canadian ex-servicemen who served with the Belgian forces? They may have their pension awards increased to Canadian rates. They must establish entitlement, and obtain the original award from the country with which they served. There are very few Belgian cases in which decisions have not been rendered. The number is small.

Mr. LENNARD: Are the service bureaux and adjustment offices of the Canadian Legion being supported by the government?

Mr. GREGG: The veterans bureau is a service provided by the department at public expense on behalf of the veterans. Twelve or fifteen years ago it was decided that it was not desirable to instruct the veteran that he must, as a compulsory matter, come to a government advocate, no matter how impartial that advocate might be. It was made optional that he could go to a veterans' organization to receive help and advice in preparing his case.

Mr. LENNARD: The reason for my question is that I have had some dealings with the service bureau in the Hamilton district, and with satisfactory results. I believe these service bureaux officers are taking a great interest in veterans' cases, and they are not now being left to pensions advocates. That has been my experience. The service bureau officer in Hamilton is doing a splendid job. This bureau is replacing the old system of pensions advocates who sometimes were not taking the interest they should in cases. If these cases are dealt with in the manner in which they are in Hamilton I think the situation will be much better in the future.

Mr. MUTCH: To revert to the question asked by the hon. member for Vancouver South about section 21, the situation with respect to a pension granted under that section is that more than half of those in receipt of pension have already been reviewed; the review is proceeding without request from the recipients.

Mr. GREEN: What we are suggesting is that the same procedure be followed in the case of men who have been ruled out because of pre-enlistment conditions.

Mr. McCULLOUGH (Assiniboia): Are these Belgian soldier cases being handled with dispatch, or is there any reason why there should be delay in particular cases? In the case I have before me the veteran had to wait for over two years before settlement was made. The answer that is always given is that the Belgian office is the cause of the delay. Will it be possible to correct this situation in the near

future, so that some assurance can be given that pensions will be forthcoming?

Mr. GREGG: We are receiving the utmost co-operation from the Belgian embassy in Ottawa. In some cases reference must be made to Belgium, but we do not anticipate much delay.

Mr. PEARKES: Are the files to which the minister referred retained at district headquarters?

Mr. GREGG: There is a duplicate file at head office and one at district headquarters.

Mr. PEARKES: That would account for some of the delay experienced on Vancouver island, because they would have to send to Vancouver for the files. It should be remembered that in Victoria we have only a part-time pensions advocate, although I believe he has recently been given a full-time assistant. This illustrates the difficulties which are being experienced there, and it is no wonder that I get resolutions from branches of the legion such as the Britannia branch, one of the largest in the southern portion of Vancouver island, reading as follows:

> That this branch go on record again urging that in the interests of returned men of this area that the D.V.A. be again asked to create a separate district of D.V.A. of Victoria and district, with headquarters here.

I mention this to illustrate the difficulties under which veterans in the southern portion of Vancouver island are carrying on.

Item agreed to.

542. War veterans' allowances, $18,085,000.

Mr. ROBINSON (Bruce): There is a considerable increase in this item, and the details on page 298 of the estimates show that this increase is largely in connection with the veterans of world war I. Is this increase to provide increased allowances to those already receiving allowances, or is it to pay allowances to new recipients? How many new veterans of world war I were added last year?

Mr. GREGG: This amount is to pay the war veterans allowances had they not been increased this year. The amount necessary to take care of the recent increases will have to be provided in the supplementary estimates for the current year, just as an amount had to be provided in the supplementary estimates to take care of the retroactive feature from October 1.

Mr. ROBINSON (Bruce): How many were taken on last year?

Mr. GREGG: On April 1, 1947, there were about 30,000 veterans of world war I, and on April 1, 1948, there were 27,700, or a decrease of approximately 2,300.

Mr. ROBINSON (Bruce): That is not just what I want to find out. I want to find out how many new veterans of world war I were taken on during the past year.

Mr. GREGG: Perhaps that question could stand and I shall attempt to answer it later.

Mr. CHARLTON: Is there any difference between the treatment given to an Indian veteran and that given to a white veteran?

Mr. GREGG: No. The Indian veteran is treated the same as any other veteran for all purposes.

Mr. HARKNESS: Is the war veterans allowance made to an Indian veteran on exactly the same basis as to a white veteran, or does the Indian affairs branch have a finger in the pie and make recommendations in connection with the matter?

Mr. GREGG: The answer is no. The Indian is treated exactly the same as any other veteran.

Mr. FRASER: The Indian agent did have a hand in the payment of gratuities and other things of that kind, and I am just wondering if the Indian always got the full amount, or was it cut down because he was getting a grant from the tribe?

Mr. GREGG: I understand that there are no restrictions against Indians as such under the act. If the board, as in the case of any veteran, considers that the funds would be better administered by some body acting on behalf of the veteran, they have the power to order that.

Mr. HARKNESS: How many Indian veterans are receiving war veterans allowances and in how many cases are the funds being administered by the Indian affairs branch?

Mr. GREGG: We have no record as to the first question, because I do not think that it matters. They are Canadian citizens by virtue of their service in the forces, and I do not think we should keep track of that. I think I can get an answer to the second question and I shall try to do so.

Mr. PEARKES: Are band funds of the Indians taken into consideration when these awards are being paid? Assuming that the Indians have certain band funds; would it be apportioned between the Indians and the Indians credited with so much?

Mr. GREGG: I think not, but I shall verify that.

Item agreed to.

548. Grant to Canadian Legion, $9,000.

Mr. GAUTHIER (Portneuf): This is a grant to the Canadian Legion out of the taxes paid by Canadian citizens. The N.R.M.A. are Canadian citizens and they are discriminated against by the legion, so that I cannot support this grant. I see members here who voted in favour of conscription. Either that law was good, or it was not. If that law was good, these men who obeyed the law, just like United States citizens, citizens of Britain and citizens of South Africa did, should not be discriminated against. It is time to put a stop to that discrimination. I do not see why parliament and the government could not meet the legion half way and impress on them that this discrimination must stop. The N.R.M.A., I say once again, are Canadian citizens and obeyed the law, and because they waited to be drafted they are not to be banned from social and other privileges. I am not the only one in this country who feels that way about it. I think amendments will have to be brought into the house to put these draftees in the same position as others. Some of these draftees served overseas, and I do not see why they should be discriminated against after having served in a theatre of war. I ask the government to think carefully before making a grant to this association which discriminates against Canadian citizens who are paying their taxes just like other Canadian citizens.

Item agreed to.

549. To provide for the cost of administration of soldier settlement; British family settlement; general land settlement, and Veterans' Land Act, including engineering and other investigational planning and subdivision expenses that do not add tangible value to real property, $5,285,703.

Mr. HARKNESS: Has any further consideration been given to the question of giving veterans who took up land under the Soldier Settlement Act or the Veterans' Land Act title to the mineral rights? I took this matter up in the house two years ago and have had considerable correspondence about it with the department. It is becoming an increasingly serious question to certain settlers in Alberta because of the extension of the oil fields there. The situation has been that even when the soldier settler had paid for his land in full and got possession the board reserved the mineral rights, although in many cases the soldier thought he was buying the mineral rights as well as the surface rights to his property. An amendment to the Soldier Settlement Act was introduced in this house some years ago to deal with this matter, but it was defeated in the other place. The previous minister of veterans affairs intimated to me some time ago that he thought probably that amendment should be reintroduced and the matter fixed up in that way. Is any consideration being given to that, and would the government be prepared to reintroduce an amendment?

Mr. GREGG: I know that a great number of members from the west are interested in this matter. My attention was called to it shortly after I came into this department. We have been taking the matter up in close co-operation with the Department of Mines and Resources, and we have even got to the point of putting forward what appears to be a possible solution for the consideration of the Department of Justice. We will follow that up as soon as we get a ruling from the justice department on the points raised. I am familiar with the history of the former bill which passed this house and died in another place. It ought to be possible by next session, if not before, to bring the matter forward.

Mr. HARKNESS: Is it not possible to get around the difficulty without having an amendment to the law? In other words, is that what you have referred to the Department of Justice for a ruling? Or is it still considered necessary to amend the act?

Mr. GREGG: If we find that an amendment to the act is not necessary we shall be very happy to carry the plan into effect as suggested.

Mr. GAUTHIER (Portneuf): In my province of Quebec the unit of measurement of land is not an acre but an "arpent", which is a little less than an acre. Our lands are divided into "arpents," and when a veteran buys land from the government he is sometimes obliged by the law to buy a little piece extra of a neighbour's property, simply because the word "arpent" is not used instead of acre. If "arpent" were used many troubles would be avoided. An "arpent" is about seventy feet less than an acre.

On this item, may I be permitted to say a word about the establishment of veterans on crown lands? I understand that sixteen or seventeen months after the law was passed in 1946 my province came to an agreement with the federal government on this matter. The veterans who could have profited by that law in my province by being established on crown lands have not done so to the extent that they could have. If more publicity could be given to this law many veterans could profit by it and would receive the $2,500 grant given by the two governments to establish veterans

on the land. We have many crown lands from which the veterans could profit.

Mr. GREGG: I shall be glad to follow that suggestion, because the opportunity is still there for those eligible from world war II, since no limitation is yet placed upon the time.

Mr. GAUTHIER (Portneuf): I ask the minister if he would give greater publicity to it, so that veterans who are not aware of it may profit from it.

Mr. GREGG: I shall be glad to do that.

Mr. FAIR: With respect to the question of mineral rights which was taken up a few moments ago by the hon. member for Calgary East, I may say I have been playing around with this on behalf of my constituents for nearly two years. Apparently two or three departments of government have been playing around with it also. Since coming here last December, I have discussed the matter on various occasions with the Minister of Veterans Affairs. Only a couple of days ago he told me to come in to see him on Monday next. That is the reason I have not taken the matter up with him today. I have been assured by the minister that we are nearing an agreement. If that agreement is not reached satisfactorily I can tell the minister that we shall have some more playing around with this question.

I understand that up to 1883 mineral rights went with the land. Since that time, the rights have been reserved by the crown. In many cases, 1,200 or 1,300 I believe, settlers who took out lands under the soldier settlement board did get the mineral rights on their land. Section 57 of the Soldier Settlement Act took away or confiscated these mineral rights. In 1940 the government saw fit to bring in a bill, No. 31, which was passed through this house without very much discussion. However, when it went to the other place there was some discussion there as to the right of a farmer to have mineral rights. The final decision arrived at was that farmers were placed on the land by the soldier settlement board primarily for the purpose of farming, and as a result of that they were not entitled to mineral rights. The soldier settlement board might just as well confiscate buildings and other improvements on a farm as confiscate the mineral rights.

My constituency is vitally interested in this question because we have a lot of oil in the Lloydminster, Vermilion, Wainwright and other districts in that constituency. While a number of our soldier settlers are interested, I feel that the time is close at hand when the government will see fit to return to these people that which they confiscated from them by section 57 of the Soldier Settlement Act.

I am not pressing this question at the present time, because the minister, in whom I have every confidence, told me to see him again next week. I am hoping at that time to get a satisfactory reply from him, but I assure the minister now and the government that unless some satisfactory settlement is made of this, that is, giving back to the soldier settlers that which was confiscated from them, we shall have some lawsuits and some more playing around through the courts, because we have been playing around long enough with the department and with the government.

Mr. GREGG: I have a statement I promised to make in response to the remarks made by the hon. member for Lake Centre which appear on pages 4586 to 4588 of *Hansard,* in which he made certain comments dealing with the discrimination against certain areas in Saskatchewan, with particular reference to his own constituency. I had intended to send him a map showing the settlers settled in his constituency and in Saskatchewan. I shall send it to his colleagues. With the unanimous consent of the committee, I should like to place this statement on *Hansard,* so that hon. members may read it.

The CHAIRMAN: Has the minister unanimous consent?

Some hon. MEMBERS: Agreed.

Mr. GREGG: The statement follows:

Discrimination against certain areas of the province of Saskatchewan. In the purchase of land for veterans the department makes no discrimination in regard to any particular area in Canada, but great care is exercised to ensure that veterans are not established on marginal or submarginal farm land. Any deviation from this policy, even for the strongest sentimental reasons, would not be in keeping with the spirit and intent of the Veterans' Land Act. It has always been the policy of the department to assist veterans to re-establish themselves in civil life on a sound, long-term basis. Anything less would be playing false to those to whom Canada owes so much.

However, to be more specific, as far back as July, 1943, a policy was laid down after consultation with senior agricultural officials of the provincial departments of the prairie provinces and the western universities, and a number of outstanding farmers. The departmental officials had had extensive experience settling veterans of world war I, and were well aware of pitfalls to be avoided.

Briefly, that policy restricts land purchases to certain types of soil in different areas,

depending on climatic conditions. It was formulated after an exhaustive study of all available information with regard to long-term crop yields, bonuses under the Prairie Farm Assistance Act, relief records, soil textures, and fertility and precipitation data.

In practice, each field supervisor is provided with soil survey report No. 12 for the province of Saskatchewan, and up-to-date soil maps. The survey report gives a comprehensive description of the soils of the provinces, discusses their limitations for agricultural use, and contains a soil rating index for each soil type. Land appraisals are made with great care and include a careful examination of both top and sub-soils. Where available, aerial photographs are being distributed to assist the field supervisor to outline the physical features of the farm. Use is made of the economic land classification maps published by the economics division, Department of Agriculture, in co-operation with the department of farm management, University of Saskatchewan. In addition, the administration itself has records of long-term yields and data concerning yield variations in particular areas. Even with all this information available it is again pointed out that under present policy no farm is turned down until it has been individually examined and considered strictly on its own merits as an economic unit, and in relation to the price asked.

Thus, when a farm is declared unsuitable, having been considered from all these points of view, the administration would indeed be false to its trust if it were to permit a veteran to make what is probably the one big purchase of his lifetime on such a property, however much the veteran himself may desire to locate there at that particular time. In fact, instances have occurred when veterans subsequently established on sound propositions have expressed sincere gratitude for having been saved from the pitfalls of settlement on an uneconomic unit.

With respect to settlement in the hon. member for Lake Centre's constituency a map indicates that veterans have been settled on parcels of land uniformly dispersed and comparable to almost any other section of the province.

Reasons for declining purchase of certain parcels of land. Mr. Diefenbaker has quoted an extract from a letter forwarded by a departmental official to a veteran, in which the veteran was advised that the farm in question could not be purchased, and the reasons could not be given as they were strictly confidential. Admittedly, this was an unfortunate letter, but it is certainly an isolated case. A recent survey of copies of letters declining purchase sent to veterans in Mr. Diefenbaker's constituency during the past fifteen months indicates that the following extract is more typical:—

> However, the committee did state that they considered the land unsuitable, and I think if you had looked over the farm, you would perhaps realize yourself just why it was rejected, especially if you compared it with a good farm in a good area. You can also have a very good idea of the type of farm it is by comparing the assessment with land which is of a good class. In this case, one quarter is assessed at $1,050 and the other at $1,000, and according to the assessment commission, ratings below $1,200 are considered sub-marginal.

It might be pointed out that initially it was a custom to state quite clearly to a veteran why a farm was unsuitable, but it was found that it was causing considerable embarrassment to the vendor and other individuals interested in the community. It was then decided that specific reasons should not be given in order that a vendor whose farm might represent his life's work would not have his property publicly condemned. Admittedly it is a choice of evils, but no doubt the hon. member for Lake Centre would be very quick to champion the rights of individual citizens whose assets were being publicly depreciated by a government department.

Delays in obtaining approval for settlement. It is admitted that there were delays in the handling of applications for loans in the past, particularly in the fall of 1946 when the regional offices were swamped with applications just before freeze-up. It will be readily understood that accurate appraisals cannot be made during winter months. It took six weeks to two months to catch up with this backlog in the spring of 1947. This year there was a very small backlog of applications on hand, but as the spring has been very late, with extremely bad roads, there was a hold-up in the appraisals in some areas until nearly the middle of May. The district superintendent for the province of Saskatchewan reported on June 4 that there were only twenty odd appraisals outstanding, and these are being checked rapidly. The district superintendent reported further that for current applications the time from the date of appraisal until the veteran is advised varies from five to twenty days, with the average time being approximately fourteen days.

Increase in the amount of loan as requested by the Govan Branch of the Canadian Legion. The resolution by some of the branches of the legion recommending an increase in the amount of loan to veterans being established under the

Veterans' Land Act was turned down by the resolutions committee at the recent dominion convention of the Canadian Legion which was held in Saskatoon, as it was felt that to go beyond the present maximum of the act would be loading the veteran with too large a debt, and that it would be wiser to encourage establishment under section 9 (3) of the act, followed subsequently by an establishment under section 9 (1) when the veteran had sufficient funds of his own to supplement the loan in order to buy a more expensive unit.

Veterans settled on small holdings in Prince Albert. Mr. Diefenbaker made reference to eight veterans in the Prince Albert area who signed an agreement to purchase a small holding at a certain figure, and indicated that subsequently they were asked to sign another agreement at a higher figure. It is assumed that all eight cases are typical of the one specific case quoted, in which the circumstances are as follows:

This veteran was permitted occupancy before the house was completed and the actual cost known and, as he requested a loan for equipment, it was necessary that he sign an agreement for what was estimated would be the cost of the house. It will be recalled that at that time there was a heavy demand for housing, and for humanitarian reasons the department departed from normal practice and permitted veterans to occupy houses which were habitable but not completed. Subsequently, due to the increased cost of construction, it was found that the actual cost of the house had been under-estimated, and thus, in keeping with the act, it became necessary to request a new agreement at the increased figure.

The department feels justified in taking such humanitarian action, even though it has later caused some embarrassment both to the department and the veteran.

The obtaining of machinery for veterans. The hon. member for Lake Centre suggests that some provision should be made for priority in machinery for veterans. It is pointed out that this priority system exists at the present time and has for several years, and has been receiving the wholehearted co-operation of the machinery manufacturers and their dealers. For example, as of March 31 this year 8,731 tractors and 880 combines had been delivered to veterans since the inception of the act. In point of fact, veterans established under the Veterans Land Act are much better supplied with new implements than any other group of farmers in Canada. In Saskatchewan 68 per cent of the farmers have tractors of some kind, many of these twelve, thirteen and fourteen years old; 53·4 per cent of veterans being established have new tractors, and approximately 20 per cent have second-hand tractors of one kind or another.

In order to acquaint the machinery companies with the expected requirements of machinery for veterans settling under the act, their estimated requirements are ascertained from district and regional offices approximately fifteen months before delivery is required. This information is carefully screened and a definite figure as to the quantities of the different models of machines required is established. Implement companies are then approached, and definite arrangements made with them to deliver to veterans coming under the act the machines so ordered at the price in effect at time of delivery, less 10 per cent on general line machines and 7 per cent on tractors and combines. Each year provision has been made to meet the estimated over-all requirements, but there have been many production difficulties which have prevented the implement companies from fulfilling their commitments. Whenever it became apparent that any types of machines had been ordered in excess of actual requirements, the surplus implements were immediately returned to the manufacture to be distributed amongst veterans establishing themselves, or to agriculture generally.

While there were no specific quantities arranged to meet the requirements of veterans establishing themselves outside the act, there has been in effect a working arrangement with implement companies to set aside a percentage of their total production to meet special orders coming from veterans who are establishing themselves and, in addition, when urgent requirements develop, machines are released, wherever possible, from Veterans' Land Act quotas.

Veterans with low disabilities denied settlement. It is certainly not the policy of the department to refuse assistance solely on the ground of a small disability. Already many veterans with high disabilities have been established as full-time farmers. Where any doubt does exist, however, as to the veteran's physical condition, the matter is referred to the medical profession for an opinion. These opinions are, of course, confidential, but if the hon. member for Lake Centre will supply the name of the veteran in question, whose total disability is 5 per cent and who has been declined settlement, the full facts of the case can be made available to him.

Mr. PEARKES: There was a lot of talk going on at the time you were carrying these items, Mr. Chairman, and it was impossible to follow them. Item 553, which has to do with

merchant seamen, is one of the matters which is now before the veterans affairs committee, dealing with their rehabilitation. I would ask that this item stand until that committee reports.

The CHAIRMAN: Item 553 was reported as carried.

Mr. PEARKES: No.

The CHAIRMAN: Order. The item was reported as carried and the statement was sent to the officials of the house. However I think it is agreeable to all concerned that the matter be discussed further in the committee. I say that in order to keep the record straight in *Hansard*.

Item 532 was not carried.

Mr. GREGG: That was allowed to stand until a later date to permit discussion arising out of the report of the parliamentary committee.

Mr. GREEN: Items 532 and 553 are both standing?

Mr. GREGG: That is correct.

At six o'clock the committee took recess.

After Recess

The committee resumed at eight o'clock.

DEPARTMENT OF TRADE AND COMMERCE

440. Departmental administration, $272,600.

Mr. MACDONNELL (Muskoka-Ontario): Last night I asked the minister if he would give us the figures as to the amounts outstanding of credits which had been extended. If the minister can give us those figures over the last three years, or since the end of the war, showing the amount of credit which has been extended, I should like him to do so. But if he has them for some shorter period than that, I would not object.

Right Hon. C. D. HOWE (Minister of Trade and Commerce): I have certain rather comprehensive statements here. It might be easier to put them on *Hansard*, but I will read them just to give the idea. To Belgium the total loan was $100,000,000; the cash advanced to June 12, 1948, was $67,000,000. The interest to that time was consolidated, so that the gross debt today is about $67,707,753.42. The balance of the loan is roughly $33,000,000. It expires on December 31, 1948.

The loan to China was $60,000,000. The cash advanced to date—and I will just give the round figures—was $42,600,000. Orders have been placed at an estimated cost of $8,000,000 against the loan.

Mr. MACDONNELL (Muskoka-Ontario): Does that mean that it would now be up to $50,000,000?

Mr. HOWE: Yes; something more than that, as a matter of fact. Commitments are $8,000,000. That loan expires on December 31, 1948.

To Czechoslovakia the total loan was $19,000,000, of which $15,800,000 has been advanced; and there are outstanding orders of about $400,000.

With regard to France, there was a total loan of $242,500,000, of which $215,500,000 has been advanced; and the $27,000,000 balance has been committed. That loan expires on June 30, 1948 and it is all expended.

With regard to the Netherlands, there was a loan of $125,000,000 of which $119,000,000 has been advanced. That loan expired on April 30, 1948.

To the Netherlands East Indies there was a loan of $15,000,000, of which $13,250,000 has been spent. There are outstanding commitments of $750,000.

There was a loan to Norway of $30,000,000 of which $22,000,000 has been spent, with outstanding commitments of $3,000,000. That loan expires on June 24, 1948. It expires next week.

There was a loan to Russia of $3,000,000, of which $2,866,000 has been spent. That loan has expired.

The loan to the United Kingdom amounted to $1,250 million, of which $1,015 million has been spent. The payments under that loan have been suspended for the time being. It is hoped that they can be resumed before many weeks go by.

Mr. MACDONNELL (Muskoka-Ontario): You mean advances?

Mr. HOWE: Yes. It is hoped that advances under the loan can be resumed before many months go by. It depends upon the economic situation in Canada, which again depends on the size of the crop and other factors. There is $235 million unexpended under the British loan. The net result is that we have lent $1,250 million to the United Kingdom, and $594 million to the other countries. I think that is the story.

Mr. MACDONNELL (Muskoka-Ontario): What is the situation with regard to the other unadvanced portion? For instance, let us take Belgium, with regard to which the figure is $33,000,000. Would the situation there be similar to that with regard to the United

Kingdom? That is to say, as to the United Kingdom, the minister said that he hoped to resume advances.

Mr. HOWE: Yes. Belgium is in a rather peculiar position. They have bought about as much for cash as they have bought for credit, and they have not called on the balance of the $33,000,000. Belgian trade with Canada has stepped up quite well, and apparently they are getting on all right without drawing down the full amount of the loan.

Mr. MACDONNELL (Muskoka-Ontario): What was the understanding as to Britain being able to take up our loan at the time it was made? Have we been obliged to disappoint them, or have they been able to make other arrangements?

Mr. HOWE: No. It was intended to be a loan over five years. The drawings have been a great deal faster than were anticipated when the loan was made. It is that fact, that we expected about $250 million a year and we actually got over $1 billion in two years, that has thrown our economic calculations somewhat out of gear.

Mr. MACDONNELL (Muskoka-Ontario): Has somebody else taken up the slack? Has the Marshall plan stepped in, in time to enable them to avoid any serious embarrassment?

Mr. HOWE: I can hardly discuss the United Kingdom's position. I know it is difficult.

Mr. MACDONNELL (Muskoka-Ontario): I should like to know if I am correct in my understanding that the minister is not able to give us any figure as to the exact savings in United States exchange made by reason of the 25 per cent excise tax. Is that correct?

Mr. HOWE: I have not that figure. I do not see how it could possibly be segregated.

Mr. GILLIS: I should like to make a few general observations on this item. I know I would not be permitted to do so anywhere else. What I have in mind has to do with the general administration of the minister's department. I refer to the recent increase permitted in both raw and fabricated steel, ranging from $5 to $12.50 a ton.

Mr. HOWE: This would come more properly under reconstruction and supply, which deals with controls on steel. I have no objection, but I shall have more information when we reach that department, as I hope we shall in a few minutes.

Mr. GILLIS: That is all right if it is more convenient to the minister.

Mr. CHURCH: On this question of departmental administration, I intended last night, when the hon. member for Lethbridge got the floor, to mention two or three small matters in connection with this vote. I will take the opportunity now and I promise you, Mr. Chairman, that I will not detain the committee for more than five or six minutes. I appreciate the work that has been done by the present minister as well as by his predecessor, evidence of which was visible in the international trade fair that we witnessed last week. It was a wonderful world's fair exhibition of our trade and commerce and I hope it will be an annual event.

The minister has effected some improvements in our trade with the mother country. In this connection, I should like to refer to an editorial that appeared in one of the local newspapers this morning, the Ottawa *Citizen,* in reference to something on trade I said the other night. I would suggest that it would be well if this newspaper could do something to promote the progress of its own city, as the city from which I come has progressed in different directions. This editorial did not quote one word of what I said on trade the other night with reference to preferential trade or the great loss that this country sustained when we tossed overboard valuable principles of trade in committing ourselves to Bretton Woods and the United States loan at Geneva in 1945. All the well-tried economic principles by which this country has progressed ever since confederation have been discarded. The other night I was simply trying to justify the national policy that has been responsible for the growth of commerce in Canada. I was not advocating the national policy of 1878. What I was advocating was a national policy for the living and not for the dead. The national policy, however, has done a great deal for Canada. It got us steady markets with our best customers, not north and south, but east and west. It got us markets throughout the world for our grain, foodstuffs and various other commodities.

I do not object to the criticism of any local newspaper, and I do not mind whether I am called Progressive, Liberal, or Conservative. They may call me whatsoever they like; they cannot say, nor have they ever said, one word against progressive measures I promoted here for many years. If they would get their own town to take some progressive steps it would be better. The city from which I come made progress twenty-five years ago in connection with the street railway, light, power and hydro, and if they would do the same for their own town in housing and in various

other municipal ways it would be better for all concerned. Fifteen to twenty years ago we saw the wooden houses across the river, in Hull, when I was urging a national housing policy for this country and opposing the give-away of power in 1927 in the Ottawa district.

Progress is what is wanted in this country today. What we want is progress and principle, not peanuts and party. That applies to our friends of the *Citizen*. One of their staff went to Japan and then founded the Canadian Broadcasting Corporation. Let them look after their own progress and never mind mine. As I said last night, I do not change my politics, nor do I veer from my principles. I have been in this house for a considerable time and have consistently advocated certain principles, and I stick to those principles whether I am in the house or out of it.

Regarding this particular department, I made reference the other night to certain improvements which I think can be effected, and I never referred to the Ontario election. I never mentioned it. What I did say was that a political party that sticks to its principles will never lack for a following, and a political party that has no principles will get nowhere. I was not referring to personalities but to the principle at stake. In the past, the party to which I belong has consistently followed economic principles of protection that have done a great deal for the country; our own work for our own workmen; our own markets for our own production. I admit, of course, that the government of Sir Wilfrid Laurier also did a great deal for Canada, but did not alter the tariff much. I say that freely because I am not a hidebound party man; far from it. But I believe in certain principles of trade, certain economic principles which in my opinion should be carried out in this country; and I do not believe that Sir Wilfrid Laurier departed very much, in matters of trade and commerce, from the policies of his predecessors.

I did not believe in union government, and do not now believe in the form of government that is in existence today in Manitoba and British Columbia. But that is none of my business; it is a matter for the electors of Manitoba and British Columbia respectively to choose their own government. I will say, however, that as a result of the policy in Manitoba and British Columbia there is but one alternative for a voter there, and that is the party of our hon. friends to the left.

Mr. KNOWLES: Hear, hear.

[Mr. Church.]

Mr. CHURCH: I fully appreciate the ability of my hon. friend, who is his party's whip. He is active in the house and is very likeable in many ways. For that matter, so are all my hon. friends to the left. But when it comes to principles of trade and commerce, I repeat, we of this party have never changed our ideas. They can call us anything they like, but we stand by our principles. I was too modest the other night to admit that I was a progressive, but I suggest that there could be greater progress in the city of Ottawa. It is badly needed. As regards a public utility here, the stock was 17; it is now 42½ in the stock markets, and it is still going up.

Last fall I delivered an address to the pupils of one of our schools and I spoke somewhat in these terms: "Some of you will very soon find yourselves on the thorny path of public life. Do not forget, while paying the closest attention to the welfare of your constituents, the important principle that nothing that anyone says should alter your own opinion of doing what you think is right." I said to those students to remember that the greatest crime that had been committed in all history was the crime perpetrated by one who paid too much heed to popular opinion and the populace, and that was Pontius Pilate. One fact that should be borne in mind by leaders in every walk of life and by politicians the world over in these dangerous times is this. It is not cleverness but independence of character that counts, that independence of character which is so often lacking not only in our own country, among our own public men, but in many other countries the world over. It is the lack of that independence which has led to the present state of affairs. We find that politicians the world over tend to follow rather than to lead public opinion, for it is easy and more profitable to swim with the tide than against it. If you go against the tide you may be submerged.

I do not know that I have much more to say with reference to that article which commented upon what I had to say—without quoting a word of it—about trade and commerce. I have only this to say, that it would be far better if the leaders of all parties decided, instead of keeping their ear to the ground so much, to lead public opinion rather than follow it. That is the attitude we need. It is this cause and effect that loses elections.

I voted against Bretton Woods because I saw what was coming; I foresaw the disaster in connection with our dollar. I knew what the dollar situation would be. I also criticized the

United States loan. In my opinion, we lost our best customer when we threw overboard the principles of preferential trade. By it, our province, more than any other, western Ontario particularly, did a great deal to improve trade between this country and Britain, as well as between Canada and all the other countries on the seven seas. Those hon. members who saw the magnificent exhibits in the international trade fair the other day at the exhibition grounds in Toronto must have rejoiced to see the extent to which the trade of Canada has been and could be developed with the sterling countries by empire trade.

I wish the present Minister of Trade and Commerce every success in his work, now that he has taken over this department. I recognize that he did a great deal of good work during the war. I appreciate that and I am fair enough to say it. He has worked hard and I hope he will be a success. I trust that as soon as he can he will rid this country of its austerity program, restore preferential empire trade, do what he can to rectify the dollar situation and give to the small businessman and the big businessman as well a chance to flourish and to conduct his business in his own way by free enterprise, which is very necessary at the present time.

I was sorry we did not stay in the sterling area, largely because people voted down these free trade and unrestricted reciprocity policies away back in 1911. Today we have nothing but unrestricted reciprocity, free trade with the United States. So much is this true that *Time* magazine, which I quoted recently, said that we are becoming the 49th state of the union.

These are very involved matters for trade and commerce. This is the 109th day of the session. It has been a strenuous session and the minister has worked hard. All the ministers have done that. I appreciate the fact that we have in this party today a party which has given the government substantial aid and support since last December. I hope that we shall have a recess from our duties beginning next Friday night, and that the government of today will see to it that as soon as they can they will restore preferential trade with our best customers, the mother country and the dominions. After all is said and done, that is where the cream of our trade is—and when I say that I refer to trade in manufactured goods, food and other raw commodities.

The resources of Great Britain and her dominions both in manufactured goods and in raw materials are far greater than those of Russia or the United States. As was said by Sir Wilfrid Laurier and Sir John A. Macdonald, the mother country, with the dominions, is our best customer. And there has not been much change in policy since the days of those statesmen. We might add the countries of Europe which were with us in the first war, and which served as a market for our grain and other food products.

I rejoiced to see the exhibition in Toronto recently, because I know it will restore much of the trade we had with the sterling countries.

Mr. HOWE: I should like to say this to the hon. member for Broadview. I have sat in the house with him for a good many years and he has been here longer than I have. I believe the hon. member has made something of a record in the public life of this country, in that he is impervious to newspaper or any other kind of criticism. He has shown many acts of kindness and done many constructive acts of statesmanship in both municipal and dominion affairs. We know where he stands. He stands for the city from which he comes and for the community he represents. I hope he will be with us for a good many years to come.

Mr. FRASER: A short time ago the minister mentioned that goods to the value of $400,000 were to go to Czechoslovakia. Are they still going forward? Has there been any change?

Mr. HOWE: Such orders as are placed are going forward. It is about $400,000, I believe.

Mr. FRASER: What arrangements have been made for collecting that debt?

Mr. HOWE: Payments are being made when due.

Mr. JACKMAN: Will the minister make his announcement respecting the United States motion picture industry under the estimates of the Department of Trade and Commerce or those of Reconstruction and Supply?

Mr. HOWE: I have nothing much to add to my previous statement.

Mr. JACKMAN: The minister said he would make an announcement.

Mr. HOWE: I hope to be able to reduce it to paper, but I have not done so yet. Arrangements have been made for a considerable amount of Canadian publicity to be put out at the expense and through the agency of the moving picture industry. Certain shorts have been made by the industry and a few by the government of Canada which are being circulated through United States outlets. A comprehensive plan has been studied and partly

agreed upon. I am not in a position to announce it today; I wish I were. I think hon. members will agree however that Canada is getting good value for the exchange privileges being allowed the industry in this country.

Mr. GREEN: Last night the minister gave figures with regard to trade between Canada and the United States and between Canada and the United Kingdom. No mention was made of trade between Canada and Australia and New Zealand. On the Pacific coast we are interested in that trade. Would the minister give us some information with regard to it?

Mr. HOWE: The only 1948 figures I have are for our two principal customers, the United States and the United Kingdom. I believe I have the 1947 figures for other trade. The position of trade with Australia and New Zealand is that their imports are being reduced substantially by an austerity program very much like that of England. Certain dollar funds are allocated to Canada, and imports are cut back to keep within the over-all allocation. However, we are shipping the usual exports to Australia and New Zealand, although in smaller quantities than was the case previously. Exports to British dominions, which would be largely Australia, New Zealand and South Africa, stood at $17,300,000 a month, average shipments. In 1946 the figure was $14,300,000. Exports to Australia in 1947, I find, were $60,294,201, and imports in that year were $14,222,487. Those are the largest exports on record, and the rate of imports is about the average.

Mr. GREEN: I am keenly interested in this, because about a month ago there was a press dispatch reporting a submission that was made to the government by the Canadian exporters' association. The dispatch is dated at Toronto, May 17, and states:

> The Canadian exporters' association, in a submission to trade minister Howe, said that the falling-off of export sales to British empire markets is so alarming that steps should be taken to counteract it. Canada, the submission says, finds herself in the peculiar position of being the sole member of the British commonwealth unable to trade more or less freely in empire markets which have become increasingly important to Canada in the development of our world trade.

Then the dispatch goes on to say:

> Unless some action is taken with alacrity Canadian exporters feel that they might be faced with the permanent loss of the empire markets.

Would the minister make a comment on that dispatch? If conditions are that serious, are any steps being taken by the government to meet the situation?

[Mr. Howe.]

Mr. HOWE: Our exports to empire markets at the present time are, I believe, running the highest in peacetime history. There is a cutting back of manufactured goods. That has been noticed by exporters who are interested in manufactured goods. When Canada ran into dollar difficulties the first thing that was cut off was manufactured goods such as automobiles and goods of that kind. It is the same in Australia and New Zealand. As a rule, the cut comes in manufactured goods of the semi-luxury type. Those industries are feeling it badly, just as are the people who are accustomed to ship to Canada. But our over-all export position to British countries is good.

Mr. HACKETT: Is it not true that Australia became industrialized during the war and is now producing to a substantial extent many of the commodities that it previously bought in Canada?

Mr. HOWE: That is true, but not to an extent that would interfere abnormally with Canadian exports. Usually, when new lines are opened up it really stimulates exports from other countries rather than the opposite. The difficulty in Australia at the moment is a lack of dollars and a strict limitation of the expenditure of dollars on this continent.

Mr. HACKETT: When the minister speaks of our export trade and its volume he is including our export trade to Great Britain, much of which is on Canadian credits.

Mr. HOWE: We include exports to Great Britain, because Great Britain is our second largest market. We include exports to South Africa, India, Australia, New Zealand and the British West Indies. The only serious drop is in our exports to Australia and New Zealand and the British West Indies, and in those cases the drop is chiefly in manufactured goods, although they are also buying less lumber and other raw materials than formerly.

Mr. HACKETT: If we exclude or write off the credits, has there been a drop in purchasing by Great Britain as compared with before the war?

Mr. HOWE: Britain is not drawing on credits at the moment.

Mr. HACKETT: She has been, according to the figures the minister gave.

Mr. HOWE: She was drawing until the middle of April; in that period the total was $52,500,000. At the moment they are not drawing on credits. We cannot say when they will resume, but it may be just as soon as our financial position permits.

Mr. GREEN: Has any attempt been made to improve our trade with Australia and New Zealand? Is there any way by which Canada can help them overcome their shortage of Canadian dollars?

Mr. HOWE: I do not know of any. We are most anxious to buy anything from Australia and New Zealand that they can ship. We have actually promoted imports from those two countries, but there is only a limited amount of goods that they can ship here. If they could ship sugar it would help a great deal, but all the sugar goes to the United Kingdom. Anything that we can buy there we are buying. Of course that is the only real way to build up trade under conditions such as we have today. The balance of trade is very much in our favour.

Mr. GREEN: Fourteen million dollars as against $60,000,000.

Mr. HOWE: About that.

Mr. GREEN: The people on the Pacific coast are also interested in trade with China. I understand that there have been some difficulties in opening up that trade and the people on the coast are complaining. What is the trouble there?

Mr. HOWE: Nothing is coming out of China; exports are almost nil. As my hon. friends know, China is suffering from an unlimited inflation and civil war and production has just dropped to negligible proportions.

Mr. GREEN: Are any goods going from Canada to China?

Mr. HOWE: In 1947 we exported nearly $35,000,000 worth and we imported from China $2,300,000 worth.

Mr. POULIOT: There is something more important than trade with China and the Fiji islands or other countries that cannot send exports to Canada. I refer to our whole trade policy. I pay a tribute to the Minister of Trade and Commerce. I am ready to stand by him to the limit, because I consider that his task at the present time is vital for the welfare of this country, provided that trade is real and not imaginary.

I agree entirely with the hon. member for Stanstead in the questions he has asked with regard to the trade policies of this government. During the war it was impossible for me to find out what exports were being paid for and what exports we were paying for ourselves. That sort of trade was a false trade; it was not trade at all. Santa Claus does not trade with anybody, he gives things away to children. He cannot be called a general merchant or a businessman. Santa Claus is a giver, and Canada was acting as Santa Claus to the United Kingdom during and after the war.

I do not consider that trade financed by credits which are obtained by taxation is real trade. Our trade policy should be realistic. If countries have not the currency to purchase our products, let us get their goods. Let us trade with all countries in the world that have goods to send us. Let us exchange goods; let us barter goods, and then we can consider paying the difference with some kind of currency.

The idea of trade within the British empire is detrimental to real trade. In matters of trade England is not a friend; the United States is not a friend; France is not a friend; they are all competitors. If Canada has not the ability to sell her products in competition with those of England, to discuss with everybody the purchase of Canadian goods in preference to British goods, then it is useless to have a Department of Trade and Commerce. If Canada in matters of trade is to be like the little porpoise attached to the mother porpoise and following her through the seven seas, then let us abandon the discussion of trade and admit that we are just serfs without dignity, that we are not interested in the welfare and progress of this country.

Why do we have British preference conferences? They were just reminders of the old colonial trade policy when it was forbidden to Canada to trade with any country except England. When those barriers disappeared we had free trade with the United States, during which time Canada was more prosperous than she had ever been before or has been since. Why are we not realistic with regard to trade? Why do we think we have to trade only under the shade of Great Britain? Why do we not give every possible encouragement to our own trade commissioners and consuls general and free them from the influence of the United Kingdom ambassadors? One of the great errors made by the Prime Minister was when he said, at the time the consulate general was set up in New York, that the consul general would confer with the British consul general. What a mistake. Is there any other country in the world that does the same thing? Australia competes with England; New Zealand competes with England; South Africa competes with England. Every country, except small islands in the Caribbean seas or the South seas, is bold enough to face England and fight her in the markets of the world, and by doing that they are more respected by the merchants of London and Manchester and other English manufacturing centres than are the bloated colonials we have here who think

we should creep under the petticoats of Britain to trade on the markets of the world.

Let us be realistic. I want the Minister of Trade and Commerce to be the big boss of his department, just as I want the minister of external affairs to be the big boss of his department. But the purposes of the two departments are entirely different. The aim of the Department of External Affairs is to keep Canada at peace with all the countries of the world, and the aim of the Minister of Trade and Commerce should be to boost the trade of Canada against every competitor, British, American, French, Japanese or that of any other country.

We should stop that false banking policy of advancing money to those who are to buy from us. It is the Canadian taxpayer who pays for these goods, and now our taxes are piled high just on account of those gifts that I was one of the few in this house to denounce during the war, for they were perfectly nonsensical. The Conservative party then led by the former member for York-Sunbury, right down to the last leader of the opposition, never said a word against those policies. They said, let us wait until after the war to settle accounts. Now it is after the war and the same thing continues.

I said to the leader of the C.C.F. party once when he was complaining about high taxation that he had no right to complain about high taxation because he was in favour of that prodigality which has been the cause of our high taxes and strikes and troubles throughout this country. That is that. We must be realistic and keep sentiment out of trade. I said to a Tory imperialist like Mr. Hanson that we should be economically independent of Britain in regard to trade. We may be politically dependent, if the parliament of Canada desires that; but even if we are politically dependent we must be economically independent of England. That is obvious, but a dyed-in-the-wool Tory, a Tory to the core like Mr. Hanson, had nothing to say when this question was raised by myself during the war in the House of Commons. Fanaticism then ran high; the thing was forced through the house, and it is still through. I hope that the minister will be independent of England in matters of trade and that all the trade commissioners and consuls general under him will not act in virtue of instructions that come from the officials of external affairs but will act under instructions that come from himself, and that they will be independent of the English ambassador and the English high commissioner and of every British official where there is no Canadian ambassador.

[Mr. Pouliot.]

I know the Minister of Trade and Commerce has made enough sacrifices during the war and after the war to convince me that he wants to make a success of his job and that he wants to be just as successful as Minister of Trade and Commerce as he was as Minister of Reconstruction and Supply. I wish him good luck. I hope that he will succeed; but he will succeed only if there are no obstacles in his way, no obstacles because of undue interventions by other departments and no obstacles coming from uncalled for and untimely sentimentality which is most prejudicial to Canadian interests. It has been prejudicial to Canadian interests in the past, but I hope it will not be prejudicial any longer because the policy will have to be changed. I hope that the minister will understand that I want him to succeed by all means, so that Canada's trade will be firmly established and have a chance to develop in order that once more we may see happy days.

Mr. MacINNIS: Surely this is old-time stuff we have been listening to, no matter how ferociously it is expressed. Surely it is nonsense today to talk about being economically independent in the matter of trade, particularly for a country like Canada. Surely it is nonsense to say that Australia and New Zealand are in competition today with Britain. Anyone who knows anything about trade knows that the trade of Australia and New Zealand is much more integrated with the trade of Britain than is Canada's trade. I venture to say that New Zealand to 75 per cent of her trade is dependent upon Britain. The people of New Zealand today are rationing themselves so that they can sell goods to Great Britain and buy goods from her. To talk today of carrying on a trade war against any country is the essence of nonsense. We cannot do that. The world is becoming aware of the fact that, instead of competitive trade, there must be co-operative trade. New Zealand and Australia are more dependent on world trade for their prosperity than is Canada; but Canada, because of the nature of her industry and her resources is tremendously dependent on trade with other countries.

If we made loans to Britain during the war, surely Britain paid for those loans with the blood and sweat and lives of her people. We did not give anything for which we did not get a return. As a matter of fact, Britain took the blows that would have ultimately fallen on us if she had not taken them. We ought to be proud to have been able to do our share.

There is no sloppy sentimentality in Canada's trade policies as I see them. Surely

it is not sentiment to be realistic and to understand what must be done in the world we are living in. I am not saying this for the minister's benefit, because I am satisfied that he realizes perhaps much better than I do the necessity of co-operation in trade, and the need for building the economic resources of other countries so that they may trade with us.

Mr. HACKETT: I wanted to ask the minister something about the trade with China, and I wanted to say a word on trade with Australia. I understood that our exports to China were about $30,000,000. Is that correct?

Mr. HOWE: Yes, $34,984,000.

Mr. HACKETT: Will the minister mention two or three of the principal items? Are they lumber and cereals?

Mr. HOWE: No. The biggest item is wheat flour, $7,000,000; newsprint paper, $4,000,000; fertilizer, $3,000,000; copper wire, $2,000,000; wheat, $2,000,000; metal-working machinery, $2,000,000; railroad ties, $1,500,000; ships, $1,500,000; machinery and parts, $1,200,000; planks, boards, et cetera, $942,000; aluminum bars, $860,000; mining machinery, $758,000; air compressors and parts, $670,000.

Mr. HACKETT: I understood that a substantial item was armaments. That is what I really wanted to know.

Mr. HOWE: No, not in this list.

Mr. HACKETT: Is there any other list in which that would appear?

Mr. HOWE: No; about $1,500,000 might be considered armaments; that is all, out of $35,000,000.

Mr. HACKETT: Do the preferential agreements still obtain with Australia?

Mr. HOWE: Yes; no change.

Mr. HACKETT: Are sales to Australia still under the preferences which were negotiated in Ottawa in 1932?

Mr. HOWE: Yes.

Mr. MACDONNELL (Muskoka-Ontario): I understood the minister to say that there was a disturbing falling-off in some of our external markets for foreign goods. Is that correct?

Mr. HOWE: Yes.

Mr. MACDONNELL (Muskoka-Ontario): Would it be correct that there is no such falling-off in the natural products markets, that that is still good?

Mr. HOWE: Natural products are in a worldwide short supply, so that if there is a drop in one market they are sold in another market. Necessity is driving all countries to buy raw materials to meet their requirements.

Mr. MACDONNELL (Muskoka-Ontario): That leads me to ask this question. It seems to me that we talk a great deal about the cost of living and are all worried about it. I read a letter today which interested me, in which it was pointed out much better than I could do it, what seems to be the great trouble into which we have drifted. We have, unintentionally, of course, deprived the countryside of a great many of the people who should be raising food, and in plain words that is largely what is driving up the price of food. Are we out of balance? Have we by our policy so stimulated factory plant, and all that kind of thing, that we have drawn people by high wages into the cities and away from the business of raising food? Are we now in the position where we may find that some of these installations which we have built, no doubt in good faith, may get into trouble and not be able to manufacture their goods? On the other hand, those people who have been drawn into that kind of production might have been producing other things which we need so much at home and which we could also sell abroad. Will the minister tell me how much there is in that?

Mr. HOWE: It is a fact that we are raising far more food now than we ever did in pre-war days, and doing it with fewer men.

Mr. MACDONNELL (Muskoka-Ontario): Not enough.

Mr. HOWE: Our farms are being highly mechanized, and the labour requirements of producing food are not nearly as high as they were. I know of nothing that is badly out of balance so far as demand and supply of food in Canada are concerned. Our surplus of wheat is less out of proportion than it was before the war, because our population is larger and our consumption is higher. Dairy products seem to be touch and go, but I think they always were. That is about the only marginal product that I know of.

Mr. HACKETT: The minister has mentioned dairy products. He may tell me that he is not the Minister of Agriculture. I know that. But I have endeavoured, and without success, to learn from the Minister of Agriculture what justification there is for the policy that has shorn the hills of the eastern townships of their dairy herds. The price of feeds and butter were fixed; the margin be-

tween the two was insufficient to enable the dairy farmer to live. If the minister can throw any light on that situation I shall be grateful to him.

Mr. HOWE: I am afraid we are out of the field and off the subject. I am not an expert on agriculture, as my hon. friend knows; I am a city man.

Mr. ROSS (St. Paul's): The minister mentioned the fact that there was a falling off in our exports of manufactured goods. Is it noticeable in any particular line? Perhaps the minister can enlarge on that a little bit. I would be interested to know in what manufactured goods there is a falling off in exports.

Mr. HOWE: There is a market for manufactured goods. If they fall off in one market we ship the goods to another market. Anything that Canada can manufacture today, with very few exceptions, can be sold in some market. But in speaking of a particular market such as Australia or New Zealand, there is a falling off in shipments of manufactured goods to those markets.

Mr. ROSS (St. Paul's): No over-all falling off.

Mr. HOWE: No; quite the reverse.

Mr. ROSS (St. Paul's): We still have a market for everything we can manufacture?

Mr. HOWE: Pretty well.

Mr. HACKETT: Does the minister want the committee to understand that there is a market for our manufactured goods outside the stimulated and bonused market, if I may use that phrase, to whom we have advanced credits? Are we not dependent upon those to whom we advanced credits to buy our surplus products?

Mr. HOWE: Oh, no. Far and away the biggest market we have, and always has been for a great many years, is the United States. We sell in South America; we sell in the countries of Europe. A good many of them pay cash. Practically none of the credits is operative today. We are still selling our goods and expect to do so. We are an efficient country. Our goods are well priced for any market, we have been able to sell them, and we expect to continue to sell them.

Mr. ROSS (St. Paul's): Does the minister think we are doing all we can to keep up our good will in connection with our empire trade agreements, our commonwealth trade? Are we doing everything we can to keep that market? Before the war, Great Britain had assets overseas to the amount of probably

£4 billion. Today she owes about £4 billion. This is the time when we should do everything we can, so far as the countries in the commonwealth are concerned, to keep the good will of those countries, so that we shall have their trade in the future. It causes me a little anxiety to know whether everything is being done to foster that commonwealth trade which has stood us in such good stead in the past. I visualize that with the aid of the commonwealth countries Great Britain will be back on her feet inside of five years and be as great a country as she ever was. I do not think she is done for by any manner of means. Are we doing everything we can possibly do to keep the good will of the British people and the good will of the people of the commonwealth?

Mr. HOWE: It seems to me that the record speaks for itself. When the war ended we lost no time in sending help to the United Kingdom and to our old customers in Europe. People talk about this stupendous help being given under the Marshall plan, ERP. Since the war, Canada has been extending relief to Europe, in proportion to our population, at more than twice the rate of the Marshall plan; well over twice. We have a record unequalled by any other country in the world. There was one purpose in it, and that was to aid in the recovery of the United Kingdom and in the recovery of our traditional customers in Europe. I am surprised that anyone would question it.

Mr. ROSS (St. Paul's): I have one more question to ask, and it is in connection with the ban which we have placed on certain goods coming from Great Britain. I spoke about this before, and the minister said it came under the Minister of Finance. For instance, I wonder if the people of Great Britain appreciate the reason—and if there is a reason I cannot see it—for the ban being placed on any of the goods that they can manufacture and send to this country. It is all very well to talk in millions of dollars; nevertheless plenty of $5,000 items count just the same. I should like to see that ban taken off British goods coming to this country. I see that ban as something that does not help to foster good will between the two countries. I never could see any real reason why that ban should be on goods coming from any member country of the commonwealth.

Mr. GREEN: What about trade between Canada and Japan? In February of this year the Vancouver *Daily Province* issued a leading article entitled, "MacArthur pledges speed-up of Canadian-Japanese trade." At that time they had apparently been in touch

with him and he had made some statement with regard to the opening up of trade between Canada and Japan. What is the present position?

Mr. HOWE: All the trade with Japan is done through SCAP as they call it, or the supreme command, allied powers. It is the American military administration. We do a fair amount of business with the administration, but you can hardly call it trade with Japan. It is trade with the United States army in Japan.

Mr. GREEN: Can the minister tell us what the approximate figures are?

Mr. HOWE: It is a small amount, covering coal, wheat and so on. We shall have the figures in a minute. It is a matter of a million or two, I think, on items such as coal and wheat.

Mr. GREEN: Sales?

Mr. HOWE: Yes.

Mr. GREEN: Sales or purchases?

Mr. HOWE: Sales.

Mr. HACKETT: Is the coal from Vancouver island?

Mr. HOWE: It is from Alberta, and perhaps from Vancouver island. It goes out through Vancouver.

Mr. HAZEN: The minister has said that there has been no falling off of our export of our manufactured goods; that if we cannot send them to one country, there is such a demand that we can send them to another. Do manufactured goods include processed foods? The reason I ask that question is that I understand that processors of fish are having considerable difficulty in disposing of their products.

Mr. HOWE: I have referred to that matter several times. It is difficult to sell fish when every country in the world touches the ocean and catches its own fish. As they get back to normal, fish is the first item to suffer. However, fish from the maritime provinces is being sold and, as far as I know, at a good price.

Mr. HAZEN: I was wondering if the minister would make an exception in the case of processed fish.

Mr. HOWE: Does my hon. friend call processed fish "manufactured goods"?

Mr. HAZEN: I should like to know what the minister calls it?

Mr. HOWE: I do not call it that. The hon. member can call it what he likes.

Mr. HAZEN: The minister says he does not call it that. That is what I want to find out. When he used the phrase "manufactured goods" he did not include processed fish. That clears that point up as far as I am concerned.

I should like to ask the minister another question and to get an answer to it, if I could. I do not know whether I am quite in order but the question is this. I am informed that a certain make of automobile manufactured in Great Britain sells in the United States for approximately $1,300, whereas in Canada the price is approximately $1,800. What I should like to know is how this difference in price is explained? Why must we pay so much more for this car in Canada than is paid in the United States?

Mr. HOWE: I am not aware of the facts. I do not know.

The DEPUTY CHAIRMAN: Shall the item carry?

Mr. HAZEN: No; just a minute. I have given the minister the facts.

Mr. HOWE: Is the hon. member sure he has given me the facts?

Mr. ROSS (St. Paul's): Yes.

Mr. HOWE: Show us the documents. We get all kinds of these rumours.

Mr. HAZEN: I have given the facts as they have been given to me.

Mr. HOWE: Yes, I know; but are they the facts?

Mr. HAZEN: Does the minister say that the facts as I have given them are not correct?

Mr. HOWE: I say that I doubt if they are correct.

The DEPUTY CHAIRMAN: Shall the item carry?

Mr. HOWE: Before the item is carried, as I was asked in another session to table the list of availabilities, I might make a little statement on that subject preparatory to tabling the list tomorrow.

I have already given to hon. members the general headings used in these programs, and the information has also been made available to Canadian exporters through the medium of "Foreign Trade", the official publication of the Department of Trade and Commerce.

I have previously expressed the view that it was not desirable to publish the quantities and dollar values because of their susceptibility to misinterpretation. I must emphasize that the quantities are estimates, and estimates only, of what we believe, given certain conditions, our exporters would have available for

shipment to Europe. The quantities, however, depend on many factors: for instance, the weather where agricultural produce is concerned; the availability of steel where manufactured products are concerned; and also the extent to which manufacturers may have made prior commitments. Furthermore, the statement is not exhaustive. The important recovery items have been included in accordance with the specific request of the ECA, but information regarding a number of other commodities is being constantly made available to participating countries through our trade commissioners and to ECA officials in Washington through the Canadian embassy. With this emphasis, however, I am now prepared to table this statement which, I repeat, is not a forecast of our exports to these countries, but is an estimate of availabilities.

These estimates have not only been made available to ECA officials in Washington—

Mr. SMITH (Calgary West): What is ECA? There are so many of these things that I have difficulty in identifying them.

Mr. HOWE: Economic co-operation administration. It is the Marshall plan; it is the operating part of the Marshall plan.

Mr. SMITH (Calgary West): I was not trying to be smart. We have so many of these things that I cannot remember them all.

Mr. HOWE: I know. I cannot remember them myself. As I say these estimates have not only been made available to ECA officials in Washington, but have also been sent to our Canadian government trade commissioners in each of the participating countries. The trade commissioners make this information available to the pertinent authorities in each of the participating countries who are responsible for drawing up their country's import requirements, and they invite these officials to indicate Canada as a preferred source of supply for those commodities which we know we can deliver advantageously and in competition with other countries. However, it must be realized that no one in Canada knows more about the availability of Canadian commodities than do Canadian exporters themselves; and the Department of Trade and Commerce has, therefore, repeatedly advised Canadian exporters not to depend entirely on government assistance, but rather to follow normal commercial procedures and sell their produce to European countries through their European representatives. If the commodities are such that they can be considered as recovery items, there is every likelihood that such transactions will eventually be financed by ECA dollars. It follows, therefore, that unless the Canadian exporter is attempting to sell that type of product which is recognized as a recovery item, it is not likely that he will obtain any direct ERP business. There will, however, be other indirect ways in which he will benefit.

I have here the printed list of Canadian commodities available to ERP countries which I will table on the orders of the day tomorrow.

The DEPUTY CHAIRMAN: Shall the item carry?

Mr. GREEN: I think the main commodities which were eating up our United States dollar funds were coal, oil, cotton, iron and steel; at least those are the four commodities set out in the advertisement published by the government last fall upon the announcement of the austerity program. Can the minister tell us what the position is at the present time with regard to imports of those particular commodities? Has there been any marked change in the quantities imported, or just what is the picture at the present time?

Mr. HOWE: Those imports depend on the economic activity of Canada, which is high.

Mr. HACKETT: Upon the controls, too.

Mr. HOWE: No. Those are necessary raw materials. For instance, we must have petroleum, and I am happy to say that the outlook for the future is greatly improved by the new discoveries in Alberta. The Leduc field may make a difference of as much as $100 million a year in United States funds by 1951, and that is encouraging.

Mr. GREEN: By 1951?

Mr. HOWE: Yes, and progressively up to that in the meantime. As far as coal is concerned, our properties are working to full capacity. We are exporting a certain amount of coal for United States dollars, which helps to offset imports, but our geography is such that there is a limit on the amount of coal that can be used from western Canada in central Canada, and I would say imports of coal would be about the same this year as last year.

Mr. HACKETT: Steel must be down.

Mr. HOWE: The reason is we cannot get it. We are short of steel.

Mr. HACKETT: Short of dollars.

Mr. HOWE: We have the dollars to pay for it, but we cannot get the steel. It is in short supply.

Mr. GREEN: What about cotton and iron?

Mr. HOWE: Cotton depends on the activity in textile manufacturing, and it is about the same as last year.

Mr. HACKETT: We are bringing some from Britain?

Mr. HOWE: These are our basic raw materials and we have to have them.

Mr. GREEN: Is there any prospect of the development of iron ore in northern Quebec making a difference in importations from the United States? If so, to what extent?

Mr. HOWE: Steep Rock has made a difference. We produced over one million tons of iron ore last year. The Sault Ste. Marie Helen mine is stepping up its output each year.

Mr. GREEN: What does it produce?

Mr. HOWE: Around 600,000 tons, I believe; and of course we have a great potential in northern Quebec. The trouble is that it is difficult of access. It means a large investment in railroad facilities and harbour facilities before the product can be marketed commercially.

Mr. GREEN: How many years will it take?

Mr. HOWE: Three or four years of development work.

Mr. GREEN: Do the deposits there compare in extent with Steep Rock?

Mr. HOWE: They are much greater. They have proved up over 200,000,000 tons of iron ore already, and it is known that there are over 300,000,000 tons.

Mr. SMITH (Calgary West): Good quality?

Mr. HOWE: Yes, 64 per cent hematite.

Mr. HACKETT: Has the minister any information about falling off in shipping in and out of the port of Montreal this season, and in and out of the port of Vancouver?

Mr. HOWE: Our Canadian fleet is busy, but I presume my hon. friend refers not to the Canadian fleet but to all fleets. The volume of exports this year is about the same as last, and I presume shipping would be about the same.

Mr. SMITH (Calgary West): One question about Steep Rock. Are we milling, or whatever the proper word is, that steel in Canada?

Mr. HOWE: No.

Mr. SMITH (Calgary West): Are we not shipping concentrates across to the other side and buying steel back?

Mr. HOWE: That is not exactly a fair statement. Every steel company uses ore from several sources. Different ores are used for different purposes, and all ore that is mined around the great lakes goes into what is called the great lakes ore pool. We sell the ore into the pool and it goes to dealers who handle that ore. Some comes to Canada, but the larger part goes to the United States. It is good quality ore, sold for United States dollars. We either get the ore or we get the United States dollar equivalent which we spend to buy other ore. There is no great significance in shipping Canadian ore to a Canadian steel plant when you have a situation such as exists on the great lakes.

Mr. SMITH (Calgary West): The major portion does go south of the line in the form of ore or concentrates, or something of that kind, and we get it back here. What I have in mind is this. Where we have fuels in western Canada—I notice the Steep Rock people are draining another lake and hope to double their production within a comparatively short time—

Mr. BLACKMORE: Would the hon. member speak louder? I should like to hear what he is saying.

Mr. SMITH (Calgary West): I am glad you think what I am saying is worthwhile.

Mr. BLACKMORE: I always think what you say is worthwhile; you are from Alberta.

Mr. SMITH (Calgary West): I am getting flattery today; I got spanked the other day, I am glad to think these things alternate anyway. What I was saying was this. If we are to develop at Steep Rock, obviously they are not doing that with any small amount of ore, and is it not a possibility that, with the growth there which might easily be expected, and with fuel lying from that point not so far away, one might reasonably anticipate rather a large steel plant somewhere between those two bases of supply? That is not all imagination, is it? Is it not a possibility, the realization of which we can perhaps look forward to?

Mr. HOWE: It is a possibility, but my hon. friend knows that the Mesabi ore deposits back of the Duluth area have been coming through in great volume, and there is no steel plant near Mesabi, or near Duluth.

Mr. SMITH (Calgary West): It is running out.

Mr. HOWE: Yes, and we hope that Steep Rock is helping to take its place. I do not know that it follows, because you have ore in the country, that you must necessarily have steel in the country. If you had a combination of ore and coal in the same locality,

undoubtedly you would have steel manufacture, but it is difficult to imagine either hauling coal from Alberta to the head of the lakes or hauling ore from Steep Rock to Alberta or some intermediate point.

Item agreed to.

Demobilization and reconversion—

462. Export permit branch, $124,260.

Mr. MACDONNELL (Muskoka-Ontario): When the import-export act was passed we had a statement from some of the staff, indicating the basis on which export permits were granted and the extent to which the ordinary conduct of business was being supervised by the officials. I wish the minister would say a word or two on that.

Mr. HOWE: There are two bases for controls; one is the basis of shortage. There are certain commodities we must keep in the country to an extent sufficient to keep our own economy going.

Mr. MACDONNELL (Muskoka-Ontario): Notably?

Mr. HOWE: Steel is an excellent example. When it comes to permitting the export of steel in the form of manufactured goods we tend to give a preference to the most highly manufactured, for instance, steel for at least $1,000 a ton. Therefore we permit the export of steel in the form of locomotives and in various other forms—

Mr. HACKETT: Machinery?

Mr. HOWE: Machine tools, and agricultural machinery, which is a sort of border-line case. We do not get very much for steel per ton in agricultural implements, but they are badly needed abroad and we allow them to be exported. That, however, is the criterion. If someone wants to export tin cans we are not allowing them to do so. We do not allow manufactures which mean very little other than rolling plate into some form and sending it out.

Mr. MACDONNELL (Muskoka-Ontario): Rails?

Mr. HOWE: No; nails are absolutely barred.

Mr. MACDONNELL (Muskoka-Ontario): I said rails.

Mr. HOWE: We have rail capacity. It is a finished product made both at Sydney and at Sault Ste. Marie. It is one of the few products they can make; and therefore we allow them to manufacture into rails steel not required for other purposes. If there is an excess beyond the requirements of our own railways we allow it to be exported. There is very little exported, though. Most of the rails manufactured at both places are used in Canada.

Mr. MACDONNELL (Muskoka-Ontario): I take it that the fact that there is a decrease in the item indicates that the business of controlling exports is not growing too fast. May I take it that perhaps it is actually lessening.

Mr. HOWE: We have taken a good many items off control, as they have moved into adequate supply. At the end of December we had 520 articles under control, and at June 15 we had only 466. The list is going down.

Mr. FRASER: Is fish on the export list? An article appeared in the Montreal *Star*, which stated that dealers in Puerto Rico or Costa Rica—I am not sure which it was, but it was one of those Central American countries —were complaining about the Canadian fish going to their country. It was coming in short supply, and they felt that this was because the people bringing it in wanted to keep the price up.

Mr. HOWE: There is not and never has been any export control on fish.

Mr. FRASER: I suggest that the minister's department should check that complaint.

Mr. HOWE: I shall do so.

Mr. SINNOTT: In view of the fact that several large pulp operators in Ontario are exporting raw pulp, is it necessary for them to get permits to do so from either the dominion or provincial government?

Mr. HOWE: Pulpwood, yes; manufactured wood pulp, no.

Mr. SINNOTT: Does the minister not think it would be more beneficial if that pulpwood were made into paper here, instead of the raw material being shipped?

Mr. HOWE: Yes.

Mr. SINNOTT: Will the government take steps to see if it can be done?

Mr. FRASER: The Ontario government is doing it now.

Mr. HOWE: It means building more paper mills. They are being built right along.

Mr. CHARLTON: What is the situation with regard to the export of wheat, oats, barley and buckwheat?

Mr. HOWE: All wheat is exported and sold abroad through the Canadian wheat board. This being a year of a short crop, it is chiefly being delivered to the United Kingdom to fill

an existing contract. Any wheat we have surplus to that is being sold in other traditional markets. Our difficulty is not to sell wheat; it is to find enough wheat to fill our obligations.

We had a short crop of coarse grains, and it was estimated that our supplies of oats and barley would not be more than enough to meet domestic requirements. We find at the end of the year that we have a small surplus of about ten million bushels of oats and about the same amount of barley, which at the present time is being sold in the world market at the best prices obtainable.

We have allowed rye to move freely. It is not a food grain in Canada.

Mr. HACKETT: It is a beverage grain.

Mr. HOWE: Well, not much of that, either.

Mr. SMITH (Calgary West): No whisky is made out of rye now. Do not let us get this mixed up.

Mr. HOWE: Rye has nothing to do with rye whisky, I know.

Mr. SMITH (Calgary West): That is right.

Mr. HOWE: Flax seed has been under control, and under the international allocation. We dispose of our flax seed as directed by the international food organization. Just now we have a small surplus and are selling it freely in the world market.

Mr. CHARLTON: What about buckwheat?

Mr. HOWE: Buckwheat is not an export commodity. It is fed to hens.

Mr. SMITH (Calgary West): Is the department still charging for the permit in connection with coarse grains the difference between the Canadian and export prices?

Mr. HOWE: Where there is a pool, as there is in wheat, oats and barley, an equalization fee is charged where grain is sold to other than contract countries. For example, if a man wishes to sell oats in the United States he is charged the difference between the domestic price and the export price and pays an equalization fee. The money so recovered is put into the oats pool.

Mr. SMITH (Calgary West): Is he charged for his permit?

Mr. HOWE: He is charged the equalization fee.

Mr. McLURE: Out of the amount of this item I see that $98,400 is for temporary assistance. Would the minister explain why the expenditure for temporary assistance is about 90 per cent of the total vote?

Mr. HOWE: The branch is a temporary one. We hope that export controls are a passing phase of the Canadian economy. Therefore we cannot put on too many permanent employees to administer a temporary job.

Mr. BRACKEN: How much oats and barley went to the United States from this country last year?

Mr. HOWE: I am sorry I have not that figure, but I shall be glad to make an announcement on the point when the orders of the day are called.

Item agreed to.

DEPARTMENT OF RECONSTRUCTION AND SUPPLY

Demobilization and reconversion—

407. Departmental administration, $1,009,992.

Mr. MacNICOL: I should think the coal problem comes under the departmental administration item?

Mr. McILRAITH: That is item 396.

Mr. HOWE: Under the rule we have followed, the hon. member may discuss anything he likes under the departmental administration item.

Mr. MacNICOL: Mr. Chairman, I wish to speak about coal. From about the middle of March to the end of the month people in Ontario who were users of coal were still in a daze over the trouble they had to obtain it during the winter. I was one of those people. The problem of coal had a great deal to do with the recent provincial election. People were still exasperated over their inability to get coal, and from reading in the daily papers that they had better place their orders immediately for next winter's supply.

Quite a number of people in Ontario—I have forgotten exactly how many—got together and consulted with some gentlemen in Toronto about holding a dinner meeting here in Ottawa so as to bring before the authorities the absolute necessity for Canada to make every possible effort to produce coal in this country, particularly for use in the two central provinces. The other provinces either have coal or are close to a supply of it.

On April 28, as a result of the organization of coal users, a big dinner was held at the Chateau Laurier hotel in Ottawa. I have forgotten whether the chairman was there—

Mr. HOWE: I was not there.

Mr. MacNICOL: I know the minister was not; he sent me a note saying he could not attend. However, his parliamentary assistant was there. That evening 206 distinguished men from all parts of Canada, and two ladies,

were there. Among those present were the vice-presidents of the two railroad companies, the head of the Bank of Montreal and many outstanding financial men. When the meeting was over many letters of appreciation were sent to me from all over Canada, because men were present at that meeting from all parts of the country. A delegation was there from the mayors' association of Canada. I want to deal briefly with what went on there in the hope that I can persuade the minister to make a gigantic effort in regard to coal, such as he has done in connection with other matters.

As far as I was concerned, I was so distressed toward the end of last winter that I decided to sell off my own properties. The problem of obtaining coal led simply to distraction. No one wants to be told that he can get only one or two tons of coal when he has buildings which require a lot of coal. Others were in the same position. The people in this central province of Ontario do not want to go through that horror again next winter, especially when we have the coal here in Canada.

I am not going to blame anyone because we cannot take care of our own requirements, but I wish to urge that we attempt to do so. We are only ten weeks away from the time when we shall again be burning coal. I do not know how much can be done in ten weeks, but certainly something must be done. Outstanding men were invited to speak at that meeting in the Chateau Laurier, men who were conversant with the problems of producing coal. I was sorry the minister was not there; but his colleague, the Minister of Agriculture, made a fine speech. Among those present was an outstanding coal producer from Great Britain, Sir Albert Braithwaite, D.S.O., M.C. His pleasant demeanour and his manner of handling the problem met with general approval. I think he is a wonderful man.

This gentleman had considerable experience in the strip-mining of coal, the method used to mine soft coal in Canada, in Saskatchewan. He told a most interesting story about what he had done during the last years of the war. I should like to quote what he told that audience about strip-mining in Great Britain. He said:

> However, the results of the operation were these: We started in June, 1942, and in six months, starting from scratch, without any preliminary preparation, we raised 1,112,000 tons. This increased in the next year, 1943, to 4,672,000 tons, and in 1944 the amount was increased to 8,570,000. I could go on giving the figures for each year, but I should not want to weary you with too many figures. However the fact is that it has increased ever since, until this year we expect to raise by this method 15,000,000 tons of coal.
>
> I am very proud that during war time we were able to contribute 20,000,000 tons of coal at a critical time.

That was a remarkable achievement. I have just forgotten how much stripping they had to do, but my recollection is that it was somewhere from twenty-five to forty feet, just about the same amount they take off in southern Saskatchewan where they strip-mine lignite coal which is sold in Manitoba. A little further on, Sir Albert said:

> Working on this type of mining one does not require any underground miners, and you can get eight times as much coal per man-shift with proper machinery as you can from deep mining operations.

I have heard the hon. member for Cape Breton South speak of the difficulty they have in raising coal because of having to go down under the sea. After Sir Albert had said that he wanted to come to Canada and that if he were permitted to do so he would bring $1,000,000 with him which he had in New York and which would be used to buy machinery and in production, he went on to say:

> I wanted to do something in Canada. I have always wanted to do something on this side. I sent out two or three years ago a team of engineers to the province of Alberta to look at the coal out there—

That was to the Highwood area which has never been developed.

> —with a view to strip-mining it. They spent a long time in that province and made a very exhaustive survey. Those men came back to London with an extensive plan and with the practical drawings as to how they would obtain this coal. They have assured me that if I can get the machinery there, within six months I can be raising 3,000,000 tons, and that within eighteen months I can have an output of 10,000,000 tons per annum, from the particular sites we investigated.

I have no reason to doubt the statements made by that outstanding coal producer. His statements were substantiated at the same meeting by Mr. Mervyn Brown, whose company, the Alberta Canthracite Coals, controls a large area in Alberta where a tremendous production of coal is possible. That coal is just as good as hard coal. I saw some of the coal myself that had been shipped to Toronto, and I found it difficult to break with a hammer. Mr. Brown stated that they were taking coal out by the use of a steam shovel and that they had already shipped many tons to Ontario. The steam shovel simply dug into the side of the mountain.

Assuming all this to be true, and it is supported by figures; all that is needed is a spur

line about fifty miles or more in length from the Canadian Pacific into the coal area.

Mr. HACKETT: How much would that cost?

Mr. MacNICOL: About $1,500,000 or $2,000,000. That does not mean anything when one considers what could be brought out and what it would save in United States dollars. At the present time we are importing $150 million worth of United States coal. We bring in four to five million tons of anthracite coal from the United States, mostly to the Ontario market. For that we pay $150 million in United States funds, plus the freight charges to bring it to the border, which totals another $75 million. There is a grand total of approximately $225 million in real United States coin that is paid out every year.

We would not be able to save all of that in a year or two, but the sooner we start to try to save it, the better it will be for our dollar situation. Even if Sir Albert Braithwaite could produce only two million tons of hard coal next year, it would mean a great deal. Some people in the department try to tell me it is not hard coal. I have read a report from the department, a report I do not like at all. It does not strike me as an honest effort—I do not mean it is dishonest—to produce Canadian coal for the Ontario market. If we can buy four million tons a year of hard coal from Alberta, what a tremendous business that would mean back and forth between Alberta, Ontario and Quebec, and think what it would mean in Canadian employment and in Canadian freight. The Canadian railroads now get only $5 a ton for hauling United States coal from the border.

Mr. HACKETT: How does the coal compare in B.T.U.?

Mr. MacNICOL: One hundred per cent. I have seen engineers' analyses, and they show that the coal is very high in B.T.U. and very low in ash, a good coal from every point of view.

Mr. SMITH (Calgary West): And low in moisture.

Mr. MacNICOL: And low in moisture. I am hoping that the hon. member for Calgary West, who must know Alberta coal much better than I do, will support what I say in this regard. It is a No. 1 coal and would save the situation in the central provinces, and save also many millions of United States dollars.

The last clause of this report says:

The commission is convinced that if these ventures—

That is these two big mining areas in the Alberta foothills.

—result in the opening of new mines, the coals produced will exhibit marked friability, thus presenting serious marketing problems.

I do not think the man who wrote that knows the first thing about it. He was not talking about the coal I am talking about. I take the statement of those who have had to do with it. I take the statement of Sir Albert Braithwaite, who has no axe to grind except to help Canada produce coal. There is a lot behind this story, if it all came out, and it would be a sorry story if all I have heard is true.

At that same meeting a capable minister of this government, the Minister of Agriculture, made an outstanding address. I never heard a better one. I told him afterwards, "If you make an address like that you will sweep the Liberal convention." I am taking no sides in that, of course, but I do like to hear a man talk who knows what he is talking about, and he certainly knew what he was talking about that night. I am going to read what he said. I do not want any minister to think I am boosting the Minister of Agriculture; I am not boosting anybody; but I was overjoyed with his address, as the whole audience was. This is what he said.

I am not going to tell you how little was left of the money at the time that I took it over.

He was speaking of the money that was left when he was made minister of labour and resources in a former Saskatchewan government. He had used some money for the development of coal at Estevan, which was later shipped to Manitoba. It changed over the whole process of coal production in the west by substituting Canadian coal for Manitoba, for coal that formerly came from the United States. He went on:

We know a great deal of him—

He was speaking of Mr. Mervyn Brown.

—in the province of Saskatchewan as a promoter of the welfare of industrial development in the western part of Canada.

The Minister of Agriculture came out strongly in favour of developing these hard coals in the Highwood area for shipment to the central provinces. Like everybody else present, I was delighted with what the Minister of Agriculture said, because that is the program I had been advocating for years and years, to develop our own coal resources in Canada and exchange trade back and forth between our own provinces.

Mr. HACKETT: Does the long haul cause any trouble?

Mr. MacNICOL: No. The coal produced by strip-mining, including the haul, would sell in Ontario at $14 a ton, thereby saving the Ontario coal user no less than $5 a ton, which would amount to $40 to $50 during the winter, to the average householder.

Mr. HACKETT: Is it all rail, or rail and lake?

Mr. MacNICOL: All rail. When the coal is loaded on the train it comes through just as cheaply one way as the other.

I received a telegram from Mr. Greenfield, the day of the dinner, a former premier of Alberta, regretting that he could not attend the meeting. I should like to read it:

Regret previous engagements prevent acceptance your kind invitation to dinner Chateau Laurier April 28. Alberta possesses undeveloped hard coal in abundance proven by analysis and by tests in Ontario household equipment to be of a quality that can successfully compete with American anthracite in Ontario markets and stand up to outdoor storage without deterioration.

You do not need anything better than that.

I trust that the important gathering on the 28th will convince those present of the urgent necessity of developing Canadian coal resources both hard and steam coal for the benefit of Canadian citizens east and west and in so doing make a substantial and helpful contribution towards easing Canada's pressing dollar problem. The time for action is now—not years hence.

I take the same stand. An investment $1,500,000 to bring out millions of tons of coal from Alberta mines to save United States dollars would be a tremendous worthwhile investment for us, besides saving the coal user in the central provinces $5 a ton.

Reference was made to what happened between 1920 and 1925 when a policy of using coal from Alberta revolutionized coal usage in Manitoba and meant a changeover from ninety per cent of the United States coal that had formerly been imported, to Canadian coal. We can do the very same thing now if we only wake up and develop our own resources. If I were sitting in the minister's chair I would not pay a particle of attention to his coal board, if they say Alberta cannot do it; I would be all the more inclined to tell them to pick up their hats and move on. We want Alberta hard coal and we shall be glad to get Nova Scotia soft coal. By using Alberta coal, the coal user in the central provinces would save $5 a ton; the country would save millions in United States dollars, and freight would go to our own Canadian railways. In a few days time we shall have an estimate before us to make good a deficit of $85,000,000 on the Canadian railways. I am for giving that to them, but the speediest way of getting rid of those deficits is to bring more freight to our railways. One way is by letting them haul hard coal from Alberta to the central provinces, and then they will not need to come to parliament so often for fifty, sixty or seventy-five million dollars.

I know that others would like to speak on this question, and I should like to hear from the hon. member for Calgary West, the hon. member for Cape Breton South, the hon. member for Lethbridge and others. Mr. Chairman, the time has come for action. Canadians must wake up. The money we paid in United States dollars for coal and freight on it from the United States amounts to $225 million a year. That would be one of the soundest ways for the minister to overcome his difficulties. If he gets my conception of this I know he will put his teeth into it and do the job. That is one sound way to save United States dollars, and to save Ontario coal users $5 a ton. One company—there are two of them—guarantees to deliver hard coal at not more than $14 a ton to Ontario users. This coal looks to me to be as good as United States anthracite. It is just as good in every way. It looks to me to be sound business to do that. Besides that it will give Canadian workmen employment.

I was sorry the minister was not there that night. His parliamentary assistant was there, and I am sure that he was impressed by Sir Albert Braithwaite and his statement. If we give him a chance by investing just $1,500,000, and build a short spur line not more than fifty miles long, he will at once invest $1,000,000, and the company would invest $1,000,000, to bring in a million dollars worth of machinery and build tipples, et cetera. That looks to me like sound business. I cannot understand why in the intervening two months the parliamentary assistant has not encouraged the minister, the coal board and the railways to get busy and do something for Canada, so that they will not be coming to this parliament over and over again for more and more money, but will be hauling freight produced in Canada, and spending the money in Canada.

I do not intend to go any farther, because I want others to say something on this. With all the strength I have, I plead with the minister to adopt a Canadian coal policy, of which one program would be moving hard coal from Alberta to Ontario, as well as Drumheller coal. I use it myself sometimes. I understand that all the Drumheller coal that can be produced can be sold in Alberta and the west and that the companies undertake

not to try to sell any hard coal in the west but to send it to the east. There should also be a program of moving Nova Scotia coal to the central provinces. Let us have a national coal policy now—the sooner the better.

Mr. GILLIS: I started to speak on another subject on the Department of Trade and Commerce administration item. While I listened with a great deal of interest to the hon. member for Davenport, and agreed with everything he said on the subject of coal, I am going to reserve my remarks on that subject until we come to the item which has to do with the operation of the dominion coal board. I think my remarks on that subject would be more appropriate there.

The remarks I have to make tonight deal with a general situation that I think is not covered by any particular item, but definitely comes within the scope of the minister's activities. The reason I am going to make a short statement tonight is that I believe the recent increase permitted in steel calls for a statement and explanation by the minister.

In the light of present inflationary prices in Canada, I cannot understand how the minister or the government can justify permitting another price increase in one of our basic commodities that is going to have a terrific effect on the whole price structure in Canada. I do not think it was justified, according to the figures that I have seen. I do not think it was fair to the workers employed in steel plants who entered into agreements with their employers in 1946, a two-year agreement, and a slight adjustment in wages in 1948, which was done with the view of stabilizing the industry, trying to increase production, lower costs and in general stabilize that basic industry. This increase in steel permitted to the steel companies of Canada, without any consultation with the steel workers' union, was a breach of good faith. It definitely brings into focus what was proposed by the steel union workers when we met with them in the industrial relations committee early in 1946. At that time they proposed that a joint council for the industry should be established consisting of representatives of the union, of the industry and of the government, so that they might from time to time sit in and consider the kind of matter about which I am now speaking, namely, a general increase in the price of basic steel.

That was not done. They were not consulted. I consider it was a breach of good faith on the part of the government in at least not letting them know, in view of the reasonable stand they took in 1948 with regard to the adjustment of their wages.

It is unfortunate that we have to pick up our information in the press in matters of this kind. Announcements like these should be made in the house rather than through the medium of the press. I picked it up in a press report. I am going to place a few figures on record to bear out what I am saying. I do not think the minister can justify the increase at this time, on the basis of profits or production, to say nothing of the upward trend in prices generally in Canada. The price increase permitted is practically the same as was permitted in 1945. We know when that first steel increase was granted in 1945. In my opinion that was the increase which wrecked the whole price structure. That is my honest opinion. If steel had been held at that time, and controls had been maintained for another couple of years at least, we would not have got away to the inflationary spiral we are now in.

On rods there is an increase of $5 a ton permitted; plate, $12 a ton; bars, $5 a ton; sheets, $7 a ton; skelp, $12 a ton, or an average increase of $8.20 a ton on all steel, both raw and processed. I do not think the increase can be justified for this reason. Three of the large steel producers in Canada are Algoma, Dosco and Stelco. Their profits in 1946 were $4,306,928. In 1947 they were $8,608,447, a terrific increase. The total tonnage in 1947 was 2,155,261.

According to the *Financial Post* which is out ahead of time—I notice that the paper I have here is dated June 19, which is Saturday—the Dosco company at Sydney have broken all records in steel production. If that is true, it should lower costs and should eliminate the necessity for an increase in the price of steel. There is quite a story in the *Financial Post,* but I do not want to take the time of the committee in telling it. On the basis of the average increase of $8.20 a ton, the profits of the three companies in 1948, based on the production I have just mentioned, should be approximately $17,673,140.20, or an increase of approximately $9,000,000 in profits to the three operating companies.

How does the government justify its action in permitting the increase at this time? According to the press report that I have here, the government justifies the increase on the ground that it was removing the $2,500,000 subsidy that it was paying on steel. In the face of the huge surplus, the government had in the last budget, it saved the $2,500,000 subsidy that it was paying on steel. The government grants a price increase that will cost money to the consumers in Canada, because in the final analysis it is the consuming public that will have to pay it. The government throws back the load of subsidizing these companies—and it is a subsidy—to increase their profits by approximately $9,000,000, in order to save $2,500,000 by way of subsidy. It does not

add up. The reason I am making the statement now is that I want the minister to make to this committee some statement as to why this increase is permitted at this time.

The timing is terrible right now when everyone you meet in this country is talking about the price of beef and the price of butter, with prices jumping five to six cents in a day on a pound of butter. When that kind of thing is going on, the minister must have some idea of the mental attitude of the people toward this kind of thing. What I am fearful of is this. I know how difficult it was in 1945 to get a settlement with workers in the industry; and then, being closely in touch with them because that large steel plant in Sydney is in my riding, I know how reasonable and fair those boys were in 1948 in adjusting their wages. The one thing they did not want was any disturbance in the industry. Their minds were made up that they would increase production, try to lower costs, and try to get some stability in the industry after the transfer from war to peace. I know that from going through the shops. I have letters from them in which they say, "Not consulted"; "We know nothing about it"; "This thing is thrown at us through the press. Try to get some information from the minister." They did not think this action can be justified.

I do not intend to say anything more about the matter. I have made my statement. I have set out figures there that I want the minister to try to clarify for the benefit of the general public in Canada. If that process is continued until that increase gets into farm machinery, enters into the cost of the things the farmer produces, and then is reflected in the general cost of living across Canada, it will be the thing that will break the camel's back. The people will revolt against that kind of thing. In my opinion that increase is not justified. The extra profits given these companies by reason of this increase cannot be justified. The removal of that $2,500,000 subsidy and the passing of it back to the consumers of Canada is something the minister must explain. I should like to have it explained.

Mr. HOWE: I shall be happy to explain the increase in the price of steel, but I can do it more conveniently on the item of steel subsidies when I shall have my officers here. If my hon. friend thinks we are free of subsidies in Cape Breton Island, I think I can open his eyes. I would just ask him this question. When the workers get a wage increase of from ten to eleven cents an hour, who pays it? It has to be paid by the cost of the product? When the freight rates are increased by 21 per cent, who pays that? It has to come in the cost of the product. When various other costs which I will enumerate to him later are increased, who pays it? My hon. friend seems to think it just comes from heaven or something.

He spoke of breaking the price ceiling and starting the spiral going in 1946. I agree with him absolutely. But what caused that? It was because the workers insisted on breaking the wage ceiling that we had at that time—

Mr. GILLIS: Mr. Chairman—

Mr. HOWE: —and taking an increase that we said at the time industry could not stand without starting the spiral of inflation. I call that to his attention. If he looks up the facts, I think he will find that two wage increases have been granted since prices were raised. You can stand only so much. The pressure got so high, something had to give; and up your prices went. I fought that increase in the price of steel for two years. I did everything I could to prevent an increase in price. You had so many influences, so many things happening at one time, that the lid blew off and an adjustment had to be made.

Mr. GILLIS: I should like to say this to the minister, and he knows it as well as I do. By the granting of a wage increase, it does not necessarily mean an increase in costs. That can be offset.

Mr. HOWE: That is a beautiful theory—

Mr. GILLIS: Oh, no.

Mr. HOWE: —but you will find it is not true.

Mr. GILLIS: It is not a theory at all. It is proved in practice. I have given examples in the house. An increase in production can offset the increased cost of the wage increase, because it does not amount to a great deal in the over-all picture. We showed you where, in the Sault Ste. Marie plant, despite the fact that wages had gone up by about 25 per cent, production had increased so greatly during the same period that the increase in wages was wiped out completely by the increase in production. I think you will find that is true at the Sydney plant right now—

Mr. HOWE: No.

Mr. GILLIS: —if the figures given in the *Financial Post* for increased production in that plant are true.

Mr. HOWE: What are the figures? How much have they increased production?

Mr. GILLIS: They have broken all records; doubled production and all that.

Mr. HOWE: Doubled production? Nonsense.

Mr. GILLIS: Do you get the *Financial Post*?

Mr. HOWE: No.

Mr. GILLIS: You should.

Mr. HOWE: I try to get more reliable figures.

Mr. GILLIS: It is most interesting.

Mr. HOWE: If you believe what it says.

Mr. GILLIS: There is a maritime section in it. I do not intend to carry on an argument with the minister. If he says he will answer when the proper officials are here with him, I shall be quite satisfied to have an answer then, because I am really serious about this. However I want to say this in the light of statements he has made just now. If you will examine the picture, I think you will find that increased profits for these corporations are largely responsible for the spiral of inflation we have in Canada now; and unless you start to control it, in my opinion you will not control anything.

Mr. SMITH (Calgary West): I want to speak about Alberta coal, but before doing so I cannot avoid making a remark or two in reply to at least a few of the things that were said by the hon. member for Cape Breton South, and to one of them in particular. I have heard all my life about that last straw that breaks the camel's back. I should like to recall to him something that happened in his own union in Nova Scotia. An increase in wages was granted there, on the basis that the employees in those mines should increase their per ton per man production in that mine; and they did, may I say, increase it. But there are other things that may break the camel's back. One of them is this. Any industry which is unable to produce per man a certain volume, just cannot live. In that case—the one I referred to in his own union—that was proved conclusively.

Mr. GILLIS: Do you want me to explain how that was done.

Mr. SMITH (Calgary West): Would you mind letting me have a little go? Then you can take all the time you want to explain.

Mr. GILLIS: I want to clarify it.

Mr. SMITH (Calgary West): It was because of your men working harder and using their machinery better.

Mr. GILLIS: No, it was not.

The CHAIRMAN: Order. The hon. member for Calgary West has the floor.

Mr. GILLIS: I am telling the hon. member he is absolutely incorrect; and if he does not want the matter clarified that is up to him. I can tell him how it was done.

Mr. SMITH (Calgary West): You can give me theories, and no one can equal you in this House of Commons in theorizing.

Mr. GILLIS: It is not theory.

Mr. SMITH (Calgary West): A moment ago the hon. member said, Mr. Chairman, that an increase in wages did not increase costs.

Mr. GILLIS: I did not.

Mr. SMITH (Calgary West): Well, I am sorry if I misunderstood.

Mr. GILLIS: I said it could be offset.

Mr. SMITH (Calgary West): The hon. member said it did not necessarily increase costs. But it does.

Mr. GILLIS: That is where lawyers are at fault. They do not know economics.

Mr. SMITH (Calgary West): What I have said applies to every intake product in your operation, whether it be labour, goods or anything else. Simple arithmetic is still good, and that indicates that if your cost increases for the things you buy, then, of course, it increases the cost of your product. Never until tonight have I heard that principle departed from anywhere; and I had to come to this House of Commons, this place of such a high level of intelligence, to hear that principle disputed tonight.

With respect to our coal position, I am not unmindful of the fact that the hon. member for Davenport had an excellent dinner, and I am not disputing the fact that there is a problem to be solved in this coal business in my own province. I wonder if I might take a moment of the time of the committee to explain geographically what the whole situation is out there. On the prairies, practically wherever you drill holes in the ground, you will find lignite coal, which is a soft coal containing plenty of moisture, and of course when you ship that coal you ship moisture. It is rather hard to pay freight on moisture when it does not help to heat your house or anything of that kind. But going back into the mountains, on the eastern slopes of the rockies, you begin at the south and fortunately it does not extend beyond the United

States border. I am not being unkind to the Americans, but fortunately for our economy it does not.

If you go along the Crowsnest pass a matter of twenty miles or so, you will find coal seams exposed through there, all of which are being worked at the present time, and that is what is know as bituminous coal. In other words, it is industrial coal used in our engines. Then you follow that line north, and the next place which is worked in quantities is at Nordegg, which is west of Red Deer. You go farther, following the same line pretty much, until you come to excellent bituminous mines in what we call the coal branch, which is the branch running out of Edson, south of Edson, Edson being roughly 150 to 160 miles from Edmonton.

There we have good bituminous coal. Of late years, particularly in the northern area, strip-mining has become something of real value. You see, Mr. Chairman, it is all right to talk about strip-mining at Estevan, Saskatchewan, because the over-burden is soil or clay or something of that kind. The operation is a simple one. You do not need to be a miner. You go out with a big scoop, and you throw the stuff to one side and scoop the coal out with the same kind of machinery and throw it into boxcars and ship it. Then you fill the trench you have made, and on and on you go. They have an over-burden that is rather heavy but easily got up. These better quality mines in the mountains have an over-burden that is mostly rock, which is difficult and much more costly to remove.

And so, up in that northern area, we have some strip-mining, but on account of physical conditions it does not amount to a great deal. At Cadomin they have new strip-mining and at present they produce five tons to one with deep-mining or shaft-mining. Anyone therefore can readily see that that operation is a comparatively cheap one.

That coal varies greatly in that sweep from south to north. Some of it will coke. They are coking, and they are using it at the International at Coleman and a good deal at Michel, the Crowsnest Pass Coal Company property some miles further away. Then you come to Nordegg, immediately west of Red Deer, midway between Calgary and Edmonton, about 100 or 200 miles. It is right in the middle. There you have good coal, but it is so fine that they have had to put in a briquetting plant, and briquettes are produced because they mix with this very fine coal in order to have it made useful in the running of locomotives. The product is almost completely sold to the railways.

[Mr. Smith (Calgary West).]

At this place, on these rivers which are southwest of Calgary, and of which the hon. member for Davenport was speaking, there are two rivers coming out; one is the Sheep river and the other the Highwood river. They rise in the Highwood range close together and then spread, one going through Turner valley; and the Highwood, which is farther south, goes through High River, the Sheep into Highwood, and the Highwood into Bow, and that ends the confluence of the waters there. The mine which the hon. member for Davenport spoke about is on the Sheep river which is directly west of Turner valley.

The other property or mine, if you like, is on the Highwood river, and I would think the distance between the Sheep river mine, which we know as the Burns mine, and the other on the Highwood river, which we know as the Ford mine, is about twenty to twenty-five miles. I am guessing, but I would think there is continuous coal between these two mines.

When I speak of continuous coal, I have no personal knowledge of the mine which has been discussed tonight. All I know is hearsay. But this other property on the Highwood I have visited. I have been there and stayed for days, and there are five seams on that property which I have seen, varying from five feet, which is the narrowest strip, to forty feet in width. I do not know how high this chamber is; probably it is twice that height, or something like that. Conceive, Mr. Chairman, a seam of coal half the height of this chamber. I have seen them mining some rather thick seams, and the only way they can do so is by building benches in it. In that way they take down the coal.

I was surprised to hear the hon. member for Davenport say—at least I got the impression from what he said—that this coal may be mined in lumps. That may be so, but one thing I know about the Highwood end of the picture, that is the Ford property, is that it is coal which is very friable. It breaks up into fine particles when it is mined. We also know that in your market here in the eastern provinces, in Ontario and Quebec, you have been used all your lives to dealing with Pennsylvania coal which used to come in pieces which were about half the size of an egg and were bright and shiny black coal. That was years ago. Even from observation of coal cars as I ride in the trains, I know you are not getting that now or anything like it. You are not getting the Pennsylvania coal you got here some years ago.

I think I should say I know something about the heating quality of this coal on the Highwood. I was there with the chief engineer

and he asked me to watch him and time him. In the cabin we had a round little stove. It was not a Quebec heater but an ordinary little stove made of tin, I thought, or thin iron. At night he put in the stove a shovelful of what appeared to me, used as I was to Drumheller coal, to be lignite, which is mined in big shiny pieces as big as you want. He put that in at eleven o'clock at night. I never was a very early riser, and I was not then. But at ten o'clock in the morning there was the grandest little cone of very hot fuel under the ashes in that stove that one could ever see. So let no one have any doubt about the heating qualities of that coal, or about its ability to maintain a fire overnight.

I now come to something of which I am not sure. We hear of lignite, bituminous, subbituminous and anthracite coal. I know all about B.T.U.'s. One B.T.U. is the heat required to raise a pound of water one degree, if my memory serves me correctly. But to most people the difficulty is this. Is that coal an anthracite? The division is an artificial one. I am not sure about this; but I do not think we have any generalized term, such an anthracite, which would apply to a given coal. In other words, if your volatility, your lack of moisture, your lack of ash or your British thermal units—B.T.U.'s—are of a certain quality, it means that this coal is just as good as the coal over there which it is said has those various qualities within the coal itself.

A coal commission sat for some considerable time. Two of the members came from my own province. They were, and are, close personal friends. The man Brown, to whom the hon. member for Davenport referred, appeared before the hearing. It is part of the record of that commission that the solicitor for Mr. Brown wrote to the commission saying he would not appear further before them on account of his objection to two of the members at the commission—those two being my two personal friends I mentioned a while ago.

I am sorry that attitude was taken. I am not giving an *ex post facto* judgment. I am not saying anyone was right or anyone was wrong; but I do know that this coal which the hon. member for Davenport has introduced into the discussion tonight is not thoroughly considered in that report. Let me say in passing that I am not placing fault or blame anywhere. Certainly I am not in any position to do that. But at one time my office acted for this Highwood end of the picture, which was supported largely by a man from New York, one from Cincinnati and one from Montreal. I may say it is years since my office has been solicitor for this concern. It is now largely in the hands of Mr. Sweezey of Montreal, and they are trying to build their own railway.

But what I am saying is this, that from the observations of an amateur like myself, I have no doubt whatever as to the heat there is in this coal. I have no doubt whatever as to its ability to maintain a fire for a long time. That, of course, is not true of our lignite coal. I also have no doubt whatever as to its ability to be stored for some considerable time because, as I say, it is almost completely lacking in moisture.

Many of us have travelled up and down our railways in years gone by, and we have seen immense piles of coal stored along the rights of way of both the railway companies. It is true that occasionally we have seen some smoke rising, and we know there was fire down there. But the railway people will tell you that that loss is practically nothing; it is only one in ten or twenty piles that ignites at all. The loss is nothing because, as the minister well knows, coal burning without oxygen, or practically without oxygen, makes very little progress.

We have mines afire out there in the bituminous field. For example, the first Cadomin mine has been afire for many years. True, they abandoned it; and yet the progress of that fire has been practically nothing. It is a very, very slow process. That is the mine—and let me say, it was a wonderful mine—which was on the top slope with the railway right below. They never had a tipple; all they had was a coal chute. They mined it and took it down onto the cars. Then the thing caught fire. What did they do? They went up top, took two creeks and diverted them into the mine, closed it up at the bottom and shut the works off for a month. When they were through, the fire was still going, so they abandoned it and went across that great ravine the minister knows is there to do their mining on the other side.

What is all this about? I am not going to repeat what was said by the hon. member for Davenport, except to agree with him most heartily that this coal program, particularly for people in eastern Canada, is one of the most serious problems with which you are faced. I can remember the minister telling us, either last year or the year before, when we had some difficulty with shipping, that he was trying to get cars to bring it around the end, or through the middle, to avoid water transportation, to keep this province of Ontario from being cold, or even from freezing.

So I repeat what I said before, that to me this matter is one of grave concern to the dominion. We should not be dependent upon

a foreign country; and not only upon a country, but dependent upon the facilities of transportation in which strikes, lock-outs or anything you like to mention may take place, which in the net result may freeze—perhaps that is too strong a word—but may destroy our industry and even cause physical suffering to people in this part of the country.

It may be said, and I think figures can be brought to show it, that to ship coal from Alberta to Toronto is a big item. Until now, we have regarded the rate as prohibitive. I am not one of those who will argue that a railway should haul coal for nothing, or at a loss. My ideas are completely the opposite of that. I was down there many years ago when Sir Henry Thornton and Sir Edward Beatty were the presidents of those railways, at the time when we got one of the first subventions—I think that is what they are called—for hauling coal from the west and from Nova Scotia.

I do not know where a subvention should end. I do not think even the coal commission which sat some time ago made any calculation, loose as it may be, from which it could be considered that they tackled this coal problem as a national problem, rather than as one pertaining to individual sections of the country.

It does seem to me that for many reasons we should have a national coal policy. I say this now to the minister, so that I shall not be misunderstood. What I am saying is not by way of placing blame upon him or his successor. I do not mean it in that way at all. What I do mean is this: Never—or perhaps that is too strong a word—rarely has a greater challenge been put to the ingenuity and imagination of the government and of parliament than is involved in the solving of this problem. There is no question about the quantity, but we do seem to be up against a geographical difficulty which, until now, we have all regarded as something which we could not cure.

I realize that perhaps the competition, if we could get the coal in here, would not come so much from the Pennsylvania product, which in my judgment is nothing like what it used to be as far as heating value is concerned. I have been told that in Kentucky they are opening up some new mines which will produce coal nearly as good as this which can be laid down at Hamilton for from $9 to $10 a ton. I do not know the truth of that, but I heard it from the solicitor for the coal commission, who is also an old friend of mine.

I do not want to be critical of failures or successes of the past. The minister who is in charge of this matter has accomplished many things, not only as a minister of the government but in his own business. He has constructed elevators where people thought it would be almost impossible to construct them. He overcame physical difficulties not much greater than we meet with here. I am sure that the Dominion of Canada is big enough not to think I am talking about making another dollar or two for our coal operators there. The great difficulty in that section of the country is to get miners. There are not enough of them today to take care of the markets we have at present. I realize that that is true, but I realize also that there never yet was a business in this world possessing any initiative or imagination which, when greater markets offered, did not find means of increasing production in order to satisfy those greater markets.

After all, the incentive that drives men to doing more is not altogether a matter of money. Man can use only so much money; he cannot take it away with him to the place where most of us are going, because it might be melted or something of the sort. The thing that keeps the world moving is initiative and ambition to accomplish things. That is true of every man who has any right to be in business.

I know that applications have been made to the minister for the building of a railroad. I know that will not be an expensive proposition because, while it would be right in the mountains, the route to Highwood is through a broad valley and there would be little rock work. I am not advocating with my poor knowledge, and it is poor knowledge, that this government should give somebody $1,500,000 or anything of the sort; but I do think that since the problem affects the interests, not only of the people here and out there but of the railroads themselves, with assistance and direction this end can be ultimately accomplished.

You do not need to worry about the two railroads. Although the Canadian National have never built on it, they have a right of way through Okotoks where the railroad would leave the Calgary-Macleod line. As a lawyer I procured the land for them, so that I know what I am talking about. I want to support the hon. member for Davenport who has shown such a wonderful interest in the western country. He has urged that the government should regard the maintaining of industry in Ontario and Quebec, should regard the keeping warm of the people in those two provinces, as a major problem, to say nothing about United States dollars

or anything like that. I am perfectly certain that if the minister and those who advise him really put their minds to it the impossibility of the thing will become, first a possibility and then finally an accomplished fact.

Mr. HOWE: Mr. Chairman, I appreciate the information that has been given on the coal situation, but I suggest again that the proper place for me to discuss this subject will be when we reach the item concerning the coal board. The officers will then be here, and I shall have the figures at hand. However I think I should say a word about the remarks of the hon. member for Davenport, which have been referred to by the hon. member for Calgary West.

Everyone seems to think this is a new discovery. I think it was thirty years ago when I first visited the Burns leases in southern Alberta. I have been on the ground and, like the hon. member for Calgary West, I know the area. Everyone has known about the Burns leases; they have been on the market for about that long.

Mr. SMITH (Calgary West): Quite true.

Mr. HOWE: About three years ago an intensive drive was put on to market these leases. A gentleman who is perhaps a veteran among promoters, who has been promoting ever since I knew him when he was mayor of Medicine Hat, has been promoting this property, and has spent, I think, easily $100,000. He has had full-page advertisements in newspapers throughout Canada and has put all the effort on it that could possibly be put on it.

It is suggested that the reason he cannot promote this is the necessity of a railroad spur costing $1,500,000. Surely that should not be a large item in a project of that kind. Other people have gone into Alberta and located coal leases and built railroads with their own money. They opened up prosperous mines and they are operating today successfully and have been for many years. New mines are started up from time to time, and in fact several new mines have been started up in the area while this promotion has been going on.

If this were the only coal in Alberta there might be some reason for the government getting excited about it and thinking that perhaps this situation was different from any other. It might be thought that this was a different proposition; but the government has never built a railroad to a coal mine; such railroad lines have always been built and paid for by those interested.

As, however, the hon. member for Calgary West has said, the production of coal in Alberta is not limited by the capacity of the mines to produce; it is limited by the number of coal miners who can be employed in the industry. If we had fifty per cent more coal miners we could get fifty per cent more coal. Opening up this coal mine will not produce any new coal, because the miners who might thus be employed would probably come from existing mines.

Mr. MacNICOL: This would be strip-mining.

Mr. HOWE: There were other strip-mines started in Alberta during the war.

Mr. SMITH (Calgary West): They are all out on the prairie.

Mr. FRASER: Soft coal.

Mr. MacNICOL: Not hard coal.

Mr. HOWE: It is not hard to open up a strip-mine in Alberta.

Mr. MacNICOL: It is not hard coal.

Mr. HOWE: Let us analyse the thing. Hard coal is not something that is subject to anyone's guess as to whether it is hard or soft, as to whether it will burn a long time or a short time. It is subject to absolutely accurate analysis. When an industrial firm buys coal it buys it on a B.T.U. basis and knows its value down to the last nickel.

Mr. SMITH (Calgary West): I agree with all that.

Mr. HOWE: This is a low volatile bituminous coal of good quality, but it is just that. We have reports in the office which give the B.T.U., which are all right for that class of coal. My hon. friend resents this coal being called friable. The hon. member for Calgary West knows this coal and referred to it as friable. That quality of coal is always friable.

Mr. SMITH (Calgary West): I spoke only of the south end of Highwood.

Mr. HOWE: That bed is continuous, I think, from Highwood. We had samples in the office. The coal is all right. There is nothing wrong with the coal or with the project, and if someone went in there and built a railroad and developed it he would do very well.

There is another fallacy in discussing this matter, and that is talking about coal in Alberta as being analogous to coal in Toronto. The two have no relation. In the war we had a serious shortage of domestic coal in Toronto, and I went out, regardless of expense, to bring western coal to Toronto. I think I used every transportation facility that was

available, and the best I could do was to bring about half a million tons of Alberta coal to Toronto a year. We have never moved as much as one million tons of Alberta coal into Toronto in a year, and unless the railway facilities are tremendously increased we never can. Coal is bulky and a carload of coal does not contain many tons. The number of carloads involved in moving a million tons of coal presents a serious transportation problem.

I wish we could get enough Alberta coal to fill the requirements of the prairie provinces. Today the Alberta mines are working to capacity twelve months in the year, and still we have to move United States coal back as far as Saskatoon.

Mr. SMITH (Calgary West): There is an answer to that. Alberta coal during the war has gone west. Before the war we moved it into two divisions beyond Kenora.

Mr. HOWE: I know it was able to fill that market, but with the great step-up there has been in industry, all the coal the mines are producing is being used and we are still moving United States coal into Saskatoon. Let us take care of the western problem before we get down to Toronto.

The government has a policy of subventions; that policy is sufficiently elastic and will be administered so that all the coal that Canada can produce both east and west will be moved to Canadian markets, and we will move it as far as is necessary. But that is not a national coal problem. Alberta is capable of a far greater production if we could get more miners. All the coal that Alberta can produce will be marketed. It is not a question of this particular mine being related to some particular market. We can find a market without any difficulty whatever for all the coal we can produce.

The only difficulty with Brown and his associates is that they want someone else to furnish the money to develop a mine. They had the idea and they want someone else to furnish the money. That is laudable, but the problem is theirs, not the government's. I am quite frank in saying to my hon. friend that I did not go to his dinner because I thought I would be getting a free meal under false pretences, for I have been following that situation for two and a half years.

Mr. MacNICOL: That was not the answer the minister gave me. I thought the minister told the truth always.

Mr. HOWE: I am telling the truth today. Sometimes one has to be diplomatic. As a matter of fact, I went out of town.

[Mr. Howe.]

That is the situation about the leases. It is not a government problem. If there were a great national interest involved in that particular operation it might be a government problem. But it is just like any other mine. There are lots of mines in Alberta and in the mining sections of British Columbia which are very much alike. They may mine a slightly different coal in one mine, but not very much different from the coal that is mined in the others. The problems are the same, and we think this particular project should be treated like all other projects in the area. That is a plain statement of the situation.

Mr. MILLER: What railway facilities are short for moving this coal?

Mr. HOWE: Boxcars.

Mr. MILLER: No steel cars required?

Mr. HOWE: If Alberta coal was shipped in open cars it would absorb moisture, and if it absorbs moisture, it will not store, so that it is no longer a domestic coal. Boxcars are required to move it, and the movement comes about the same time as the wheat movement. Both wheat and coal are moved in the autumn of the year, the coal before the heating season, and the wheat after the harvest, and they compete seriously for the same type of railway equipment.

Mr. GREEN: Could coal be brought around by ships through the Panama canal any cheaper than across Canada by rail?

Mr. HOWE: I would not think so. It is a long haul from the coal mines to the Pacific coast, six or seven hundred miles.

Mr. HACKETT: There is coal on Vancouver island.

Mr. HOWE: Just enough to keep Vancouver island warm.

Mr. GREEN: There is coal in northern British Columbia.

Mr. HOWE: But it all involves movement. We have no trouble in marketing the coal that is brought to the Pacific coast. We deliver coal to Japan and South America. I do not think you would bring it through the Panama canal to eastern Canada, because you can market it nearer home.

Mr. MacNICOL: I accepted Sir Albert Braithwaite's word. He is an outstanding coal producer. I accepted the statement he gave us about the number of tons he could produce with machinery and equipment and his willingness to bring in the necessary machinery and invest $1,000,000 of his own money.

I thought that was a pretty fair offer. The money is lying in New York and he is willing to bring it here, but he does not feel like building a railway too.

Mr. HOWE: There again we should be clear on that. I met Sir Albert Braithwaite. He is a contractor. His business is to strip-mine coal, just as the business of a building contractor is to erect buildings, and he expects to get paid for his work. He expects to put $1,000,000 worth of equipment on that property and expects someone to pay him for operating it, which is fair enough, which is like any other contractor would do. But I was not greatly impressed with his offer, so far as showing confidence in the property was concerned. There is lots of coal there, the seams are thick, and it is a fine mining proposition. I wish somebody would go in and develop it, but it is not a job for the government.

Item agreed to.

Demobilization and conversion—

408. To provide for the liquidation of contracts, including commitments of previous years related to the acquisition of assets operated by the department or an agency of the department; and for miscellaneous and unforeseen expenses, $500,000.

Mr. HACKETT: I want a little information from the minister with regard to contracts which have yet to be liquidated. I should like to know what were the principal amounts paid and how far the contracts have been liquidated.

Mr. HOWE: I was going to make a statement on the work of the department; and since this is a disappearing department. I think I should do so. I have a preamble dealing with the greatness of the department which perhaps I can omit. This shows the present position pretty well.

The Department of Reconstruction and Supply resulted from the amalgamation at the end of 1945 of the wartime Department of Munitions and Supply, and the Department of Reconstruction, established in June, 1944. The department was considered necessary to discharge certain temporary functions in connection with the liquidation of Canada's war effort and the re-establishment of Canadian industry on a peacetime footing.

The department has been in process of dissolution from the time of its establishment. The department's staff and functions have continued to contract during the past year. In some cases this has taken place because work has been wound up. In other cases functions of a more continuing nature have been transferred or are in the process of transfer to other departments.

The liquidation of the war program involved four responsibilities: (1) the termination and settlement of war contracts and the renegotiation of war contracts where participating firms had realized large profits; (2) the liquidation of surplus war plant and other forms of war equipment; (3) the dissolution or other disposition of crown companies established during the war, and (4) the disposition of controls in existence at the end of the war.

This is what my hon. friend was asking for. On the first point, as indicated before, war contract cancellations, in the closing phases of the war and immediately thereafter, involved $2,500 million. In many instances these cancellations have not involved any claims, but where claims were made they were dealt with by the contracts settlement board of the department. This board has now approved claims for the settlement of these contracts for about $290 million, which represents about 96 per cent of all the claims submitted. In other words, we have about four per cent of the claims still to be settled.

The department has also been engaged in the renegotiation of contracts made during the war. The result of these efforts was to reduce war contracts by over $475 million, of which all but $80,000,000 have been fully settled.

On the second point, the liquidation of surplus war plant and other equipment has been in the hands of War Assets Corporation. This corporation has now disposed of most of the war surplus in the hands of the Dominion of Canada. Sales of war surpluses brought $430 million to the treasury by the end of May, 1948. However, it will still take some more time to clean up the tag ends of disposal work.

On the third point, the disposition of crown companies established during the war has been completed by now. Of the thirty crown companies operating under the Department of Munitions and Supply at the conclusion of the war, twenty-six have now been liquidated. The four which continue to function on a peacetime basis in the same or altered form are: Canadian Arsenals Limited; Polymer Corporation Limited; Eldorado Mining and Refining (1944) Limited; and Wartime Housing Limited, which has now been absorbed by the Central Mortgage and Housing Corporation. These companies have hitherto been reporting to parliament through the Minister of Reconstruction and Supply. Since this portfolio is a temporary one while the crown companies have continuing functions to perform, arrangements are being made to have these crown companies report to parliament through the Minister of Trade and Commerce. Similarly, the dominion coal board,

established last year, will henceforth be reporting to parliament through the Minister of Trade and Commerce.

On the fourth point, we have abolished all controls formerly exercised by the Department of Munitions and Supply and its successor, the Department of Reconstruction and Supply, except for allocation controls over steel, timber and building materials and the use of priorities to assure an adequate supply of building materials to priority projects. The administrators of the controls are finding it possible, by negotiating with the interested parties, to obtain the desired allocation of materials on a voluntary basis. These informal arrangements work very well and are much more desirable from the point of view of both the government and industry, and give a flexibility that could not otherwise be obtained. These allocation controls are continuing on a temporary basis, and we hope to dispose of them as soon as economic conditions warrant it. We are hopeful that this will be possible at the time when the Department of Reconstruction and Supply is folded up.

In connection with the administration of the foreign exchange regulations brought into force on November 17, 1947, an emergency import control branch was set up in the Department of Reconstruction and Supply to control the import of capital goods. Personnel for this division have been recruited within the department, and in the Department of Trade and Commerce. Under the Emergency Exchange Conservation Act, provision was made for the Minister of Trade and Commerce to administer import controls over capital goods. This is an advantageous arrangement, because it permits the co-ordination of import controls with the work done by various commodity officers in the Department of Trade and Commerce. Therefore, as soon as administrative details can be dealt with, the personnel of the emergency import control branch, now with the Department of Reconstruction and Supply, will be transferred to the Department of Trade and Commerce.

The rest of the statement refers to other continuing functions which can be dealt with as we proceed with the estimates.

Mr. GREEN: When is it expected to dissolve the Department of Reconstruction and Supply?

Mr. HOWE: Some time between now and the next six or seven months.

Mr. HACKETT: The minister has said that the cancellations amounted to $2,500 million; that settlements had been made of 96 per cent of the claims, and that $290 million had been paid out in settlement of these claims. Can the minister mention a half dozen claimants to whom the largest amounts were paid?

[Mr. Howe.]

Mr. HOWE: This is a brief statement from the settlement officer of the contracts settlement board.

The following is a brief summary of the operations of the contract settlement board up to May 31, 1948, which may be treated as supplementary to the report dated May 29, 1947, submitted by the secretary of the board.

The board received a total of 3,252 termination notices up to 31st March, 1947. All contracts current at that date were taken over by Canadian Commercial Corporation.

The board has received a total of 3,707 claims, of which 455 were cancelled or withdrawn, leaving a balance of 3,252 claims amounting to $301,183,453 to be dealt with.

A total of 3,251 claims amounting to $289,142,367 have been approved, or 96 per cent of amount claimed. The value of the uncompleted portion of the terminated contracts was $2,479,339,070, and the total of claims approved represents 11·6 per cent of this amount.

One claim for approximately $2,037,411 is awaiting final review. The production under this contract for maintenance kits for wireless sets was only recently completed. Included in the amount approved are seven claims by one contractor totalling $1,148,397, which are being amended as result of further audit investigation. There is also one claim outstanding awaiting further audit investigation which may take some time.

Payments have been made to contractors in accordance with amount approved, and the contingent liability due to revision in the claims is comparatively small and should not exceed $150,000 in all.

Mr. HACKETT: I suppose the minister has the names of the companies and individuals to whom the $290 million was paid?

Mr. HOWE: I am sorry I did not hear that.

Mr. HACKETT: I say the minister must have the names of those companies and individuals to whom the $290 million was paid.

Mr. HOWE: Yes, but I do not think I should put it on *Hansard*. The amounts have to do with the state of completion of the contract, when the claims were made and would be large in one case and small in another.

Mr. HACKETT: This is public money. It being public money, Mr. Chairman, I thought it would be a matter which might be required to be made public.

Mr. HOWE: It is public money. If the hon. member asked for the total expenditures to any one contractor, I would say that is all right. But when you ask for termination claims of a contractor, that is a matter of coincidence. It has no relation to the total work done or anything of that sort. It just represents the stage of the contract at the time the war ended.

Mr. HACKETT: Yes, but it represents a payment made of taxpayers money. I submit that the minister should make available the names of the persons and companies to whom these amounts have been paid. Will the minister have that at the next meeting?

Mr. HOWE: There are approximately 3,000 of them. I do not know that I want to put them on *Hansard*. There is nothing secret about it; if my hon. friend wants to know about any particular one, I shall be glad to give him the information.

Mr. HACKETT: I asked the minister if he would give the names of the six to whom the largest amounts had been paid.

Mr. HOWE: That is on the termination claims?

Mr. HACKETT: No.

Mr. HOWE: Or on the contracts?

Mr. HACKETT: The minister said the contracts aggregating $2,500 million had been made and 96 per cent had been settled for $290 million.

Mr. HOWE: No. I said contracts totalling $2 billion—

Mr. HACKETT: Two and a half billion.

Mr. HOWE: —had been cancelled.

Mr. HACKETT: And that claims had been made arising out of the cancellation.

Mr. HOWE: Yes.

Mr. HACKETT: That 96 per cent of the claims has been adjusted, and that to effect the adjustment $290 million had been paid out by the government to the claimants.

Mr. HOWE: That is right.

Mr. HACKETT: I asked the minister for the names of the six companies or individuals to whom the largest payments had been made.

Mr. HOWE: We will give you the names of the six.

Mr. HACKETT: And the amounts.

Mr. HOWE: Yes. I do not think there is any particular objection to that.

The DEPUTY CHAIRMAN: Shall the item carry?

Some hon. MEMBERS: Carried.

Item agreed to.

Progress reported.

PRIVATE BILLS

Mr. A. W. STUART (Charlotte) moved:

That pursuant to the special order made this day, private bills Nos. 366 to 391 inclusive be now read a first and second time and referred to the standing committee on miscellaneous and private bills.

Motion agreed to.

FIRST AND SECOND READINGS

Bill No. 366, for the relief of Esther Leibof Kaufman.—Mr. Maybank.

Bill No. 367, for the relief of Harold Clarence Simkin.—Mr. Maybank.

Bill No. 368, for the relief of Winnifred Emily Ford Salmon.—Mr. Maybank.

Bill No. 369, for the relief of Arthur Herbert John Louth.—Mr. Maybank.

Bill No. 370, for the relief of Frank Potts.—Mr. Maybank.

Bill No. 371, for the relief of Kenneth Wright Williamson.—Mr. Maybank.

Bill No. 372, for the relief of Ida Goldman Adelstein.—Mr. Maybank.

Bill No. 373, for the relief of George Cohen.—Mr. Maybank.

Bill No. 374, for the relief of Katherine Lillian Cornish Mullin.—Mr. Maybank.

Bill No. 375, for the relief of Orville Lester Bennett.—Mr. Maybank.

Bill No. 376, for the relief of May Holmes Martin.—Mr. Maybank.

Bill No. 377, for the relief of Georgette Mathias.—Mr. Maybank.

Bill No. 378, for the relief of Gladys Odella Sweet Elliott.—Mr. Maybank.

Bill No. 379, for the relief of Robert Charles Delafosse.—Mr. Maybank.

Bill No. 380. for the relief of Adelaide Jardine McDonald.—Mr. Maybank.

Bill No. 381, for the relief of Edith McLachlan Ward.—Mr. Maybank.

Bill No. 382, for the relief of Eva Lamothe Paquin.—Mr. Maybank.

Bill No. 383, for the relief of Elizabeth Iris Lobar Kinnon.—Mr. Maybank.

Bill No. 384, for the relief of Jeanne Obodofsky Newton.—Mr. Maybank.

Bill No. 385, for the relief of Philip Sidilkofsky.—Mr. Maybank.

Bill No. 386, for the relief of Rhoda Marjorie Beacom Sadler.—Mr. Maybank.

Bill No. 387, for the relief of Becky Herscovitch Moscovitch.—Mr. Maybank.

Bill No. 388, for the relief of Veronica Conrick Pelley.—Mr. Maybank.

Bill No. 389, for the relief of William Bryan Hazel.—Mr. Maybank.

Bill No. 390, for the relief of Victorien Tremblay.—Mr. Maybank.

Bill No. 391, for the relief of Pierre Behocaray.—Mr. Maybank.

BUSINESS OF THE HOUSE

Mr. BRACKEN: Will the minister tell the house what the business is to be for tomorrow?

Mr. FOURNIER (Hull): We shall go into supply at the outset and take up the following departments: reconstruction and supply, external affairs, labour, mines and resources, national revenue, public works, and agriculture, but I cannot state in what order we shall proceed with them.

Mr. GREEN: Can the minister not say which will be first?

Mr. FOURNIER (Hull): I do not know which minister can be here at eleven o'clock.

Mr. HACKETT: I understood that it would be external affairs. Is there anything to the contrary?

Mr. FOURNIER (Hull): Yes, that was my understanding. But we thought we would get through with mines and resources. That has been up seven times.

Mr. KNOWLES: Reconstruction and supply.

Mr. FOURNIER (Hull): Reconstruction and supply. That has been up seven times.

Mr. KNOWLES: It is an important department.

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

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

DEPARTMENT OF VETERANS AFFAIRS

533. District administration, $3,805,120.

534. Rehabilitation services, $4,161,080.

535. Treatment services, $38,402,200.

536. Prosthetic services, $952,584.

537. Canadian pension commission—administration expenses, including chairman of the Canadian Pension Commission at $1,000 and the deputy chairman of the Canadian Pension Commission at $500 additional to chapter 62, Statutes of 1946, $2,364,452.

538. Veterans bureau, $367,392.

539. War veterans' allowance board—administration, $229,903.

540. Veterans' insurance, $98,329.

541. Pensions for disability and death, including pensions granted under the authority of the civilian government employees (war) compensation order P.C. 45/8848 of 22nd November, 1944, which shall be subject to the Pension Act, $80,014,000.

542. War veterans' allowances, $18,085,000.

543. Unemployment assistance, $100,000.

544. Hospital and other allowances, $5,100,000.

545. Gallantry awards—world war II, $18,000.

546. Employers liability compensation, $115,000.

547. Last Post fund, $125,000.

549. To provide for the cost of administration of soldier settlement; British family settlement; general land settlement, and Veterans Land Act, including engineering and other investigational planning and subdivision expenses that do not add tangible value to real property, $5,285,703.

550. To provide for the payment to the government of the United Kingdom on account of losses under the 3,000 British family agreement of August, 1924, and the New Brunswick 500 British family agreements of August 4, 1927, and August 27, 1935, $25,000.

551. To provide for the payment of grants to veterans settled on provisional lands in accordance with agreements with provincial governments under section 35 of the Veterans' Land Act, 1942 (as amended by order in council P.C. 2122, dated 13th April, 1945), and payment of grants to veterans settled on dominion lands, in accordance with an agreement with the Minister of Mines and Resources, under section 35 of the Veterans' Land Act, 1942, as amended (P.C. 1550 of 18th April, 1946), $3,000,000.

552. To provide for the payment of grants to Indian veterans settled on Indian Reserve lands under section 35A of the Veterans' Land Act, 1942 (as amended by order in council P.C. 2122, dated 13th April, 1945), $800,000.

554. Hospital accommodation and facilities, $7,750,000.

548. Grant to Canadian Legion, $9,000.

555. Campaign stars and medals, including cost of distribution, $2,500,000.

Veterans Affairs—Soldier Settlement and Veterans' Land Act—

561. To provide for protection of security—soldier settlement, $40,000.

562. To provide for purchase of land and permanent improvements; cost of permanent improvements to be effected; removal of encumbrances; stock and equipment; refunds of surplus to veterans (section 19); and for protection of security under the Veterans' Land Act, $50,000,000.

DEPARTMENT OF TRADE AND COMMERCE

440. Departmental administration, $272,600.

461. To reimburse the Canadian Commercial Corporation for expenses incurred in purchasing materials, supplies and equipment, etc., on behalf of the Department of National Defence under chapter 51, statutes of 1947, $480,000.

462. Export permit branch, $124,260.

DEPARTMENT OF RECONSTRUCTION AND SUPPLY

407. Departmental administration, $1,009,992.

HOUSE OF COMMONS

Saturday, June 19, 1948

The house met at eleven o'clock.

NEW MEMBER

Mr. DEPUTY SPEAKER: I have the honour to inform the house that the Clerk of the House has received from the chief electoral officer certificate of the election and return of the following member:

Of Rodney Young, Esquire, for the electoral district of Vancouver Centre.

EUROPEAN RECOVERY PROGRAM

TABLING OF LIST OF CANADIAN COMMODITIES AVAILABLE

Right Hon. C. D. HOWE (Minister of Trade and Commerce): As promised last evening I now table copies of the list of Canadian commodities available to European recovery program countries for the period July 1, 1948, to June 30, 1949.

YUKON PLACER MINING ACT

AMENDMENT TO SUBSTITUTE "GOLD COMMISSIONER" FOR "COMMISSIONER", ETC.

Right Hon. L. S. ST. LAURENT (Secretary of State for External Affairs) moved the first reading of Bill No. 362 (from the senate) to amend the Yukon Placer Mining Act.

Motion agreed to and bill read the first time.

YUKON QUARTZ MINING ACT

AMENDMENT TO SUBSTITUTE "GOLD COMMISSIONER" FOR "COMMISSIONER", ETC.

Right Hon. L. S. ST. LAURENT (Secretary of State for External Affairs) moved the first reading of Bill No. 363 (from the senate) to amend the Yukon Quartz Mining Act.

Motion agreed to and bill read the first time.

SASKATCHEWAN NATURAL RESOURCES

AMENDMENT RESPECTING SALE OF SCHOOL LANDS TO VETERANS

Right Hon. L. S. ST. LAURENT (Secretary of State for External Affairs) moved the first reading of Bill No. 364 (from the senate) to amend the Saskatchewan Natural Resources Act.

Motion agreed to and bill read the first time.

PRIVATE BILLS

Mr. RALPH MAYBANK (Winnipeg South Centre) moved:

That pursuant to the resolution adopted yesterday, bills Nos. 336 to 361 inclusive, appearing on the order paper today, be read a second time and referred to the committee on miscellaneous private bills.

Yesterday a resolution was adopted to the effect that private bills from the senate may be given first and second readings when received from that house and referred to the appropriate committee.

Motion agreed to.

SECOND READINGS—SENATE BILLS

Bill No. 336, for the relief of Paul Charbonneau.—Mr. Maybank.

Bill No. 352, for the relief of Samuel Lankszner.—Mr. Maybank.

Bill No. 353, for the relief of Audrey Maude Victora Giles Findlay.—Mr. Maybank.

Bill No. 354, for the relief of George Elias Heydenreich.—Mr. Maybank.

Bill No. 355, for the relief of Guiseppina Cannuli Catalfamo.—Mr. Maybank.

Bill No. 356, for the relief of Ann Laurie Willett Allan.—Mr. Maybank.

Bill No. 357, for the relief of Leon Schechter. —Mr. Maybank.

Bill No. 358, for the relief of Beatrice Evelyn Tutill Bobinsky.—Mr. Maybank.

Bill No. 359, for the relief of Una Mary Phillips Slavin.—Mr. Maybank.

Bill No. 360, for the relief of Margaret Laidley Lawrie Burke.—Mr. Maybank.

Bill No. 361, for the relief of Albert Kenworthy.—Mr. Maybank.

DEPARTMENT OF NATIONAL DEFENCE

AMENDMENT OF ACT TO RELEASE FUNDS CONTRIBUTED AT EDUCATIONAL INSTITUTIONS

Hon. ALPHONSE FOURNIER (Minister of Public Works, for the Minister of National Defence) moved that the house go into committee at the next sitting to consider the following resolution:

That it is expedient to bring in a measure to amend the Department of National Defence Act to release from the consolidated revenue fund certain moneys which were contributed to contingents of the Canadian officers training corps established at various educational institu-

tions throughout Canada by the members thereof by way of assigned pay and otherwise and by other persons.

Hon. COLIN GIBSON (Secretary of State): His Excellency the Governor General, having been made acquainted with the subject matter of this resolution, recommends it to the consideration of the house.

Motion agreed to.

WAR PENSIONS AND ALLOWANCES

REMOVAL OF TIME LIMIT IN APPLICATIONS FOR CERTAIN PENSIONS

Hon. MILTON F. GREGG (Minister of Veterans Affairs) moved that the house go into committee at the next sitting to consider the following resolution:

That it is expedient to bring in a measure to remove the time limits in which an application for pension in respect of death may be made under parts I and X of the Civilian War Pensions and Allowances Act.

He said: His Excellency the Governor General, having been made acquainted with the subject matter of this resolution, recommends it to the consideration of the house.

Motion agreed to.

GRASSHOPPERS

DISTRIBUTION OF POISON IN SASKATCHEWAN

On the orders of the day:

Mr. E. B. McKAY (Weyburn): Mr. Speaker, I should like to ask a question, either of the parliamentary assistant to the Minister of Agriculture, or of the appropriate minister. What steps have been taken by the federal government to assist Saskatchewan in combating the serious scourge of grasshopper infestation which is destroying thousands of acres of prairie crops?

Right Hon. C. D. HOWE (Minister of Trade and Commerce): Mr. Speaker, at the request of the Minister of Agriculture, who is in Saskatchewan, considerable quantities of poison have been flown in from the United States, and are now being distributed.

Mr. KNOWLES: You are right, there.

COMMUNISTS

PRESS REPORT AS TO INVESTIGATION IN CIVIL SERVICE

On the orders of the day:

Mr. J. G. DIEFENBAKER (Lake Centre): Mr. Speaker, I should like to ask a question of the Minister of Justice with respect to a press

dispatch appearing yesterday to the effect that some investigation was being made in the civil service with regard to communist propaganda. I should like to ask whether that is so, and what is being done, and in particular whether a statement made in the house last February by the hon. member for Athabaska (Mr. Dechene) to the effect that meetings were being held in Ottawa, including members of the civil service, designed to sabotage the service in case a call should come from overseas, has been investigated. Is there any foundation for that statement?

Right Hon. J. L. ILSLEY (Minister of Justice): Mr. Speaker, I have not read nor have I seen the news item in question. I did notice a headline—I believe it was in the Montreal *Gazette*—but I did not have time to read the article; therefore I am not in a position to answer the hon. member's question. I doubt whether I am the minister to answer it. Of course the question which relates to meetings to be held in Ottawa would come under the jurisdiction of my department.

Mr. DIEFENBAKER: Was any investigation made of the statement?

Mr. ILSLEY: I shall give consideration to the answer which ought to be given to the hon. member's question. I doubt whether I should give an answer as to any investigations being made by the Royal Canadian Mounted Police.

Mr. DIEFENBAKER: Does the minister say that investigation in the civil service is or is not taking place? Surely as the head of his department he knows that.

Mr. ILSLEY: I shall give consideration to the answer which should be made to the hon. member's question. As usual, he gave no notice of his question.

Mr. DIEFENBAKER: Notice is not required in a matter such as this.

Mr. KNOWLES: I should like to ask a supplementary question, so that the minister may answer it when he is answering the question of the hon. member for Lake Centre (Mr. Diefenbaker) on Monday. Can he say by whose authority the questionnaire now being circulated in certain departments was prepared, and will he give some explanation as to the form in which it was drafted? It does seem to me that this question about "his uncles and his cousins whom he numbers by the dozens" is a silly way of dealing with a serious matter.

CRIMINAL CODE

REQUEST FOR RECODIFICATION

On the orders of the day:

Mr. JOHN T. HACKETT (Stanstead): Mr. Speaker, will the Minister of Justice be good enough to say whether any special provision has been made for the recodification of the criminal code? I heard what he said the other day when we were discussing the revision of the statutes, but I do not see in the bill any provision for this recodification.

Right Hon. J. L. ILSLEY (Minister of Justice): No provision was made in that bill for the recodification of the criminal code. As the hon. member knows, recodification of the criminal law is proceeding rapidly all the time. Extensive amendments are being made every year, but no special provision has been made for a complete recodification of the criminal code.

RAILWAYS

REFERENCE TO PASSENGER SERVICE BETWEEN OTTAWA AND TORONTO

On the orders of the day:

Mr. JULIAN H. FERGUSON (Simcoe North): I should like to ask the Minister of Transport (Mr. Chevrier) to use his best efforts, in conjunction with the Canadian Pacific Railway, to improve the day coach service on the different trains operating to the capital of Canada. At the present time some of the oldest coaches owned by the railway are travelling from Toronto to Ottawa. They are not air-conditioned. I hope that an effort will be made to ensure that railway transport serving this area shall be in keeping with the status of Ottawa as the capital of Canada, which we all hold so dear.

SUPPLY

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

DEPARTMENT OF RECONSTRUCTION AND SUPPLY

Demobilization and Reconversion—

408. To provide for the liquidation of contracts, including commitments of previous years related to the acquisition of assets operated by the department or an agency of the department; and for miscellaneous and unforeseen expenses, $500,000.

Mr. HACKETT: Has the right hon. gentleman the information which last night he said he would make available?

Right Hon. C. D. HOWE (Minister of Reconstruction and Supply): I expect to be able to give it as soon as my officers arrive.

Mr. HACKETT: Can the minister give us any further information about the four per cent of the claims from cancelled contracts which are still outstanding? Is litigation between the department and the claimants pending at the present time?

Mr. HOWE: Referring to the earlier question, the ten largest claims were as follows:

Canadian Car and Foundry Company (aircraft)	$18,802,764
Fairchild Aircraft Limited (aircraft)	6,185,886
Chrysler Corporation (motor vehicles)	2,094,388
Ford Motor Company of Canada (motor vehicles)	14,591,767
General Motors of Canada Limited (motor vehicles)	9,975,479
Montreal Locomotive Works Limited (tanks)	4,881,588
R.C.A. Victor Company Limited (wireless sets)	10,054,530
Northern Electric Company Limited (wireless sets)	3,313,566
Canadian Pacific Railway Company (gun contract)	2,824,731

Mr. HACKETT: Will the minister outline briefly the method followed in determining the adjustment?

Mr. HOWE: The contract was terminated as of a certain date, an inventory is taken and a complete audit of the books of the contractor made by the treasury audit staff. The surplus inventory is valued and arrangements are made to move it from the contractor's plant for government account. The amount of the balance owing to the contractor is regarded as an appropriate claim.

Mr. HACKETT: Who was the arbiter who determined what the amount was in each instance?

Mr. HOWE: The department and the treasury officials.

Mr. HACKETT: Was it a matter of determination by the department, or was there something in the contract that enabled the minister or the department to determine what was owing, or was it a matter of arbitration or agreement?

Mr. HOWE: The contract was terminated, the contractor filed a claim for work in process and for materials on hand for the contract, and the government sent in its treasury auditors to check the contractor's accounts. Officers of the department who were familiar with the contract were also consulted. A claim was adjusted more or less to the satisfaction of the contractor and

the government—certainly to the satisfaction of the government—and after that the claim was paid.

Mr. HACKETT: Was the adjustment made by virtue of some section in the agreement?

Mr. HOWE: Yes; each agreement contained a termination clause setting out the conditions under which the contract could be terminated.

Mr. HACKETT: In that way ninety-six per cent of the claims have been disposed of?

Mr. HOWE: Yes. There are a number of claims outstanding—five or six with one company—but the amount in dispute in connection with all claims is less than $500,000, although payments outstanding are more than that. We have had certain claims audited, and the contractors have challenged the government audits. In some cases a re-audit is being made in the light of the contractor's representations. At the moment there is no claim in litigation. We settled one yesterday that threatened to be in litigation.

Item agreed to.

409. Reconstruction projects, subject to allocation by the treasury board, $1,000,000.

Mr. GREEN: Will the minister explain this item?

Mr. HOWE: Under the government's high employment program a reconstruction fund was set aside to take care of spotty unemployment in certain areas. If a serious unemployment situation developed, funds could be allocated to various departments of the government in order to proceed with needed public works in the area. As employment has been high, it has been used only to a limited extent.

Mr. GREEN: To what extent?

Mr. HOWE: There was a survey of the St. Lawrence waterway project, $63,000; a survey of the Red Deer river project, $107,000; a survey of the South river project, $120,000; reconditioning and altering of M.V. *Huascaran,* now the S.S. *Beaverbrae,* for the carriage of immigrants, $300,000. The actual expenditures last year under this vote were $591,419.21.

Mr. GILLIS: The minister stated that the purpose of this vote is to develop projects in sections of the country where employment may be spotty, but he went on to say that in view of the high level of employment across the country it has not been necessary to use it. I notice that the surveys that were made were in Ontario and the west.

[Mr. Howe.]

I cannot accept the minister's statement that there is a high level of employment in all parts of the country, because that certainly is not true in the maritimes. It is evident that the maritime provinces have been neglected completely as far as expenditures under this vote are concerned. The committee of reconstruction of this house functioned in 1942 and 1943 and brought in a comprehensive report dealing with projects that it regarded as necessary in the aftermath of the war in order to keep a high level of employment. That committee recommended the carrying out of one project in Nova Scotia having to do with the strait of Canso. That recommendation was accepted, and I am wondering why a survey has not been made.

This matter has been passed on to the Department of Transport, and yet this particular vote is provided to relieve any unemployment situation that might exist. I expect to see very little done by the department which now has the matter under consideration. I submit that if this vote is used for the purpose for which it was intended, this particular matter should receive serious consideration by the department of reconstruction.

Mr. HOWE: A survey of the strait of Canso has been made, and studies have been prepared of three alternative solutions of the transportation problem. However, it seems to be impossible to obtain agreement between the government and the local and provincial authorities as to a solution that will be acceptable to all parties. The project is in good hands as far as this government is concerned. At the moment there is a commission sitting on it made up of three engineers, one appointed by the province and two by the federal government. I dare say this commission will throw new light on the subject and great things will result.

Mr. GILLIS: I do not think there is any disagreement as far as the provincial and local authorities are concerned. They are unanimous that the job should be done. The difficulty is with the engineering department of the federal government. I think one of the main difficulties which developed in connection with the project was the tying-in of the realignment of the railroad from that point to New Glasgow. That would add terrifically to the cost. I ask the minister, who is an engineer, to give the matter consideration, and to separate the tunnel, causeway or bridge from the railway project; it would then come within the terms of this vote.

I think the reason for the attitude of the Department of Transport is that railway

realignment was tied in with the bridge or causeway or tunnel project across the strait of Canso. I strongly urge upon the minister that he consider the bridge project separately under this vote. He himself has already said that the purpose of the vote is to relieve unemployment in certain areas where it is spotty. Department of Labour statistics show that in the last three years four thousand people have been moved out of Nova Scotia alone to relieve its unemployment situation. Personally I think that bad policy. The people of Nova Scotia today are more or less in the category of displaced persons. Instead of moving the unemployed from Nova Scotia, an endeavour should be made to find employment for them there and to develop this country from coast to coast. It is hard for me to understand the necessity for bringing in a large number of displaced persons from Europe so long as there is unemployment in a large area of Canada. The policy is all to the good from a humanitarian point of view, but it requires re-examination from the point of view of unemployment of our own Canadian people.

I again ask the minister to consider separating the bridge project from the realignment of the railways, because they do not really go together, and see whether the Department of Reconstruction cannot co-operate with the Department of Transport on the bridge project. It would go a long way towards relieving unemployment in that part of the country, and would demonstrate to the people of Nova Scotia that at least one section of the government is thinking in terms of something east of Montreal. In the maritimes the people are acquiring a complex that in the eyes of the government the area east of Montreal is not Canada. Once in a while mention will be made of Halifax and the national harbours board, but there is a stretch of territory three hundred and sixty-five miles long east of Halifax that seems to be ignored by this government. I sometimes wonder when we are discussing national questions in this house whether members know their geography and realize that there are sections of Canada whose people are entitled to consideration from the government other than in the matter of paying taxes.

This is a reconstruction post-war project. I speak of it now because the purpose of this vote is to relieve unemployment. This project was recommended to the house and approved. I do not think much more information can be gained than is now available in the large return that was tabled the other day. It contained report after report by engineers, letter after letter between departments of government, the opinions of coal company engineers and of government engineers. The feasibility of the project and the necessity for it have never been questioned. The only thing about which there was a difference of opinion was the cost, and I do not think that should be considered at all in a project of this kind. In building such a structure you are creating new work and doing something for coming generations.

If the pioneers of this country who built the Canadian Pacific and Canadian National railways had thought just in terms of money, had allowed money to be the dominant factor, we would still be without railways. We still pour millions of dollars into the C.N.R. because that railway is a national necessity, and this bridge project should be looked upon in the same light. Money is only a medium of exchange to be used to get things done. The government should go ahead in co-operation with the provincial government and spend some of the taxpayers' money in creating new wealth in this country by proceeding with this bridge project, which coming generations could look at and say: The government in office at that time certainly recognized when they built these improved facilities that there were generations still to come. As it is now, we are using the same old equipment that we had seventy-five years ago, and the government is spending another five or six million dollars in perpetuating that antiquated equipment. It is a waste of money.

I think the minister knows that the island of Cape Breton produces one-third of Canada's basic steel, and it has to be shipped across that strait, which proved to be a bottleneck during the war. When the St. Lawrence river was partly closed because of enemy submarines, equipment had to be provided to unload and transport the coal up the St. Lawrence, at a cost very nearly as much as a permanent bridge would cost. That was done because there was an emergency; the war was on. Today I am thinking in terms of linking up that part of the country with the rest of Canada. Even if the bridge or causeway should cost $54,000,000 —which I doubt, and which engineers who have submitted estimates of cost also doubt— we should be building something for ourselves and for future generations. It would create employment and help to develop that part of the country so that people would have an incentive to come there and invest their money.

The one thing that militates against the development of the maritimes is the lack of transportation facilities. This bridge project was recommended unanimously by a committee of this house which was charged with

examining post-war projects that were necessary and of national importance. This is one of them.

When the minister has a responsibility I know there is no ducking of the issue with him. One thing I like about him is that he puts the cards on the table face up, and if he undertook this responsibility and gave an opinion on it based on his own knowledge, I would be quite satisfied to accept it. But I am not satisfied with all the quibbling and manoeuvring and manipulating that has gone on with regard to these surveys and borings since 1901. As one member of the house who has given a lot of thought to the subject and read the reports of the engineers pro and con, I am convinced that the project is feasible. It will not cost too much money, and it is the direct responsibility of the government, and of the minister, under this vote, as a post-war project.

Mr. HOWE: Let me say this. The Minister of Transport brought down an engineering report from the officers of his department. That report contained a recommendation for improving transportation between the mainland and Cape Breton island. It is only because of local protests that that work is not under way today. I suppose that people who are not prepared to invest five cents in the enterprise can bring down suggestions for the next fifty years, and nothing will be done. If the project could be reduced to reasonable proportions, it seems to me we could get on with it and give the island of Cape Breton transportation facilities equal to the requirements of the situation.

Mr. GILLIS: Would the minister mind telling us where these local protests come from?

Mr. HOWE: I could tell the hon. member the names of the people who have come to me in delegations, and to the government in delegations, but I do not know that it would improve the situation. They have come from the province and from the locality. Nothing that the government proposes is any good. If that situation could be remedied, perhaps we could get on with the project.

Mr. GILLIS: The reason that I press the point, Mr. Chairman, is that I hold in my hand documents which have been sent to me representing the whole opinion of the community.

Mr. HOWE: Yes.

Mr. GILLIS: They are not insisting on a tunnel, a causeway, or a bridge. They

demand that the project be built in accordance with whatever plans the government may have; that is all. I have read engineering reports in the returns that I have, and the opinions of engineers who are competent. They do not doubt the feasibility of it. I am surprised to think that anybody locally would object to the government going ahead and making a permanent crossing there in accordance with whatever views of it they may have themselves.

Mr. HOWE: At the moment a commission is sitting on the project. Why? Because it was demanded by the province and by the local interests. I presume that the report of the commission may not satisfy everybody, and someone will demand something else. If the people there would cease making this a political football, and try to get some practical result there, I think they would have no complaint about getting on. Certainly, if I were the responsible minister, so long as the controversy raged I would do just what the government is doing—wait for the opinion to crystallize on some particular method.

Mr. GILLIS: I resent the remark of the minister that this is being made a political football. I do not think he intended that, because the reverse is true. I know that every shade of political opinion in Nova Scotia today, particularly on the island of Cape Breton, is organized into a permanent organization known as the Canso Crossing Association. There is no political opinion in that body. They are meeting weekly, and they represent the whole section of the country. They write to me. I know who they are politically, but that does not enter into the picture at all. It is one thing on which the people of that section of the country are solidly united.

Mr. HOWE: The hon. member will agree that the local organization demanded another report from a board of engineers which is now sitting. The hon. member will agree with that?

Mr. GILLIS: Yes, for this reason—

Mr. HOWE: There is nothing we can do until the last demand is fulfilled and the report is made by the board of engineers.

Mr. GILLIS: The reason they demanded that should be well known to the minister. Perhaps he does not know it, because this has not been under his wing. I think it would be further advanced if it were. He would build the bridge.

Mr. HACKETT: He will build it before we adjourn if the hon. member is not careful.

Mr. GILLIS: Why did they demand the board of engineers?

Mr. HOWE: Because they did not like the last one, and I am sure that after this report is brought down they will demand another.

Mr. GILLIS: First, the board took a whole year to find out how deep the water was, and spent a lot of money on that.

Some hon. MEMBERS: Oh, oh.

Mr. GILLIS: The Minister of Transport made a report to the house. They knew how deep the water was in 1901 because the Waddell Hardessy Company made a survey. After the borings were completed the minister reported to the house. His report was to the effect that it was not considered financially feasible. The cost was too high. That report led the people of Nova Scotia and myself to believe that as far as the government was concerned it was out; that the government was not going to touch it. That was further supported by an appropriation in the estimates of the Minister of Transport's department for improvements to the existing facilities costing $5,000,000, plus all the maintenance costs. When I saw the improvements there, and the new ferry, it led me to believe, as it led the people to believe, that the tunnel project or the bridge or the causeway was finished, that it was not going forward. That did not satisfy the people. It did not satisfy me. That is why they demanded a board of competent engineers. I think it came from the Premier of Nova Scotia.

Mr. HOWE: They have that.

Mr. GILLIS: They have the board of engineers now. What I am suggesting to the minister now is that under this vote he should endeavour to separate the realignment of the railways from the project itself, which would take away that frightening cost, and decide on a permanent crossing, based on that project alone, rather than allow the matter to rest completely with the transport department. I suggest that he exercise his influence on this department and try to have the project come under the vote having to do with reconstruction, relief and employment, which is a necessary project in Nova Scotia. I suggest that he use whatever influence he has to separate the costs. In my opinion what has retarded the whole project has been the hooking up of the realignment of the railways. That is where the Minister of Transport became involved.

I am not going to argue any further with the minister. I know he agrees with me a hundred per cent, but he just cannot say it publicly. I ask him to give it consideration.

Mr. QUELCH: I notice that this item includes the cost of survey and engineering work on the Medicine Hat irrigation project and the diversion of the Red Deer river in Alberta, and the South Saskatchewan. Can the minister tell the committee just what is the status of the Red Deer river diversion project? Is it being held back as a project to provide employment in the future, or, on the other hand, is it the intention of the government to go ahead as rapidly as possible just as soon as men and materials are available for the work?

I know that a small project in connection with the larger one is being carried out this year, but it would be dependent upon surface run-off water for irrigation. Unfortunately in that area in the extremely dry years there is very little run-off, with the result that at the very time when water is most needed for irrigation it is not available. We can never expect irrigation in that area to be a success until we can obtain water from the rivers in the extremely dry years. A tremendous loss of wealth is occurring in that area on account of drought. For the past three years the greater part of that area has been under the prairie farm rehabilitation scheme. Although there was a heavy run-off this spring, complaints are already coming in that crops are drying up. The federal government is having to put out large sums of money in that area for prairie farm rehabilitation, and in certain years feed has to be shipped in. This irrigation project would provide feed lots so that the area could be largely self-supporting. In addition it would provide for an additional population of around 30,000 people.

It is generally agreed that this irrigation project would make the area largely self-supporting, thereby relieving the federal government of a large bill of expenses. Is it the intention to proceed with the project as soon as men and materials are available, or is it being held back as one of the relief projects to provide employment in the future?

Mr. HOWE: The project is in the hands of P.F.R.A. The department merely allocates certain funds from this vote to permit P.F.R.A. to go ahead with the survey. When the time comes to proceed with the project, appropriations will be made from the P.F.R.A. vote in the usual way. Only the Minister of Agriculture can give the information asked for.

Mr. DIEFENBAKER: The Minister of Agriculture within the last few days did give some information in regard to the South Saskatchewan river project; he said that $110,000 had been spent during the year on survey proceedings. The total amount of

expenditure for the coming year, according to the estimates, is to be $1,000,000. I should like to find out what projects particularly are in the mind of the government, how that expenditure of $1,000,000 is to be made, and how it is to be distributed.

The South Saskatchewan river project, according to the present views of the Minister of Agriculture, cannot be proceeded with for a period of two years. I think it should be proceeded with now. Extensive exploratory and engineering work has been done, but the government's attitude is that the work shall not go ahead. Is the minister able to say how much of the $1,000,000 will be expended, or is to be expended, this year?

I wish to bring to the minister's attention another project in Saskatchewan which, if properly developed and encouraged, would attract to that province many tourists who today are not coming in. I refer to Watrous lake, some ninety miles east of Saskatoon, a lake which for over two hundred years has been recognized by the Indians living on the plains as possessing peculiar medicinal qualities. In the last few years that lake has gone back because of drought and because the springs that ordinarily feed it have been covered over by an incrustation of chemicals resulting from heat and evaporation. Is that the type of project which the department of reconstruction would consider a proper one on which to expend moneys under this item? I am not asking for the expenditure of money on anything but self-liquidating projects, and I suggest to the minister that this is one that would pay large dividends in increased tourist traffic and in the numbers who would come from various parts of the United States for treatment in this lake.

About three years ago the minister stated that his department had plans ready for public projects and was prepared to go ahead on short notice. He said that particular attention would be given by his department to projects designed to develop basic industries and to press forward vigorously, improvement in transportation and the opening of northern regions. I would ask him what is being done to carry out the views he then expressed.

Today our only hope for the development of the north country is through the instrumentality of private enterprise. In Saskatchewan—and I am not entering into any controversy on the subject—no government can afford to invest risk capital in exploratory work for the development of our natural resources. In fact, as far as gas and oil development is concerned, that has been turned over by the government of Saskatchewan to private interests. We all realize that governments, however great the potentialities in natural resources, cannot afford to risk the taxpayers' money on projects without knowing for certain that they will actually return dividends.

There is great risk in the development of these resources. Recently I noticed that the total amount of return to private companies in Alberta since the development of the oil resources in that province has been $55,000,000, while the total amount expended in risk capital since oil was first discovered there has been $65,000,000.

I should like to know what the government intends to do during the coming year to open up communications with the north country, so that opportunities will be available to private enterprise to go in and develop. We need in Saskatchewan, as in the other western provinces, the opening of roads and the development of power, which after all, in the northland, must be a matter of government expenditure—as in the Yellowknife district by virtue of legislation introduced the other day and now, I believe, passed by parliament.

What plans has the minister to encourage the development of the eighty-five per cent of our country which is largely undeveloped today? I do not think that any government can enter into that development but I believe that one of the responsibilities of the minister, as head of this department, is the surveying of the country. Indeed, he himself said three years ago that these were his plans, and then, a general survey having been made, funds would be advanced on behalf of the state to the end that opportunities would be made available to private companies prepared to risk their capital in the uncertain development of our resources.

My questions therefore are these: (1) How much will be expended this year on the South Saskatchewan development? (2) Does a project such as I have mentioned, the one at Watrous lake, come within the purview of this estimate? (3) Will the minister give the country the benefit of his experience in the matter of the expansion and encouragement of development of our natural resources, to the end that in our north country we shall give to private enterprise the opportunity which too often is denied it because of the costly expenditures private enterprise would have to undertake to make these resources accessible?

Mr. HOWE: This $1,000,000 refers to no known project at the moment. If the project were known, it would not be included in this vote but would be in a special item. This vote is to meet unforeseen conditions. The vote

was originally $5,000,000 and was reduced to $1,000,000, because we have learned over the years that in times like these there are not many unforeseen situations that have to be met apart from those provided for through the normal estimates. The drawings on the fund have been small. We have started projects where some unusual situation made it imperative that no time be lost.

Mr. DIEFENBAKER: How much was drawn out of the fund last year?

Mr. HOWE: I gave the figure.

Mr. DIEFENBAKER: Yes, but I am asking for it again.

Mr. HOWE: $591,000. Watrous lake is wholly in the province of Saskatchewan. Any development of the type indicated must be sponsored by the province. The same remarks as I made regarding the Red Deer apply to a dam on the South Saskatchewan river. It is a project which is being carried out by the P.F.R.A. Certain expenditures were made for borings last year, and money was appropriated from this account. But this year and in the future, appropriations will be in the estimates of the P.F.R.A.

Mr. DIEFENBAKER: No part of the million dollars will be used on the South Saskatchewan project?

Mr. HOWE: Not unless an emergency arises which indicates that it should be so used.

Mr. DIEFENBAKER: What does the minister mean by an emergency?

Mr. HOWE: Some necessary and unforeseen expenditure that the government believes is sufficiently urgent to warrant an appropriation from this vote. The South Saskatchewan is one of the most difficult engineering problems that has ever been tackled in this country. Part of the problem is to build a high earth dam on material that has no known bottom. In building grain elevators in that country we used to drive all the piles we could get, of as great a length as we could get, build on it, load the elevator, say a prayer and watch it settle a few inches. You cannot do that with a dam. You must find something to put a dam on in order to make the project feasible. That is involved in the present exploration. It is no easy problem. However, it is being tackled by the best engineering skill that can be made available.

Mr. DIEFENBAKER: Do any of the engineers in the minister's department make reports on this matter?

Mr. HOWE: No.

Mr. DIEFENBAKER: Or make any investigation?

Mr. HOWE: No. We do on occasion, but not on this particular project. It is too big a project for casual engineering. It requires a special staff.

I think that answers the question. Was there another one?

Mr. DIEFENBAKER: What about the northern area? What is being done there?

Mr. HOWE: Where the province has shown an interest in an area, we sometimes render assistance in opening it up. A case in point is the road from Alberta into the Yellowknife region. The road has been built, or is under construction, connecting Alberta with the Northwest Territories. That road within the Northwest Territories is being paid for by the federal government, and some assistance has been given to the Alberta section of the road. The federal government is just completing a power plant in the Yellowknife area. A bill has been before the house at this session to set up a power commission. Ordinarily it is the job of each separate province to develop power within its boundaries. That is a job the provinces are glad to undertake because it is usually a profitable operation. But in the Northwest Territories the federal government is the government, and it is carrying out there the duties that would ordinarily be carried out by a province if that area were included in a province.

With regard to northern Manitoba, some important discoveries were made in the vicinity of Flin Flon. There again the government is giving some assistance to the province in building a road to open up the area. Certain assistance has been given to British Columbia in opening up certain areas.

Mr. GREEN: Which ones?

Mr. HOWE: I cannot say offhand. It would not come from this estimate or this vote. The votes were made in the usual way. I cannot say which ones. The Department of Mines and Resources will be able to tell my hon. friend that.

Mr. POULIOT: Construction is made more difficult because of the difficulty in getting cement. Some builders have told me that last year the Canada Cement Company closed a manufacturing plant in Ontario, and that at least one million bags of cement would have to be provided from the province of Quebec in order to fill the gap. I wonder if that is true. I would ask the minister, who must know about the matter, for some information with regard to the closing of the

Ontario plant of the Canada Cement Company and the possibility of securing cement by those who intend to build houses. At the present time it is most difficult for those who are building to put in the foundations of any building they are constructing. I would be grateful to the minister if he would give us some explanation about the matter.

Mr. HOWE: The position of cement is vastly better this year than it was last. The addition to the plant of the Canada Cement Company in Montreal has been completed and is in full operation. The addition to the cement plant at Belleville is in full operation. The addition to the Exshaw plant is in full operation, I believe; in fact, I am sure it is by now. I think the capacity has been expanded—I hesitate to give the amount—by something of the order of a million barrels a year as compared with last year.

Mr. POULIOT: Was one Ontario plant closed last year?

Mr. HOWE: Only for repairs or expansion. All the cement capacity of the country is operating, and I am told by the industry that it is expected that there will be plenty of cement this year.

Mr. LENNARD: There is a plant at Lakefield which has been closed for some years. Is it to be reopened?

Mr. HOWE: If the plant has been closed for some years, the chances are that it could not be reopened.

Mr. GREEN: Last night the minister stated that the department of reconstruction would be wound up within six or seven months. As I understand it, one of the principal functions of the department has been to take a look at the country as a whole, from a broad view, and to decide where projects will be undertaken. I think that was a useful job. But what is to happen when the department folds up? Is some other department of the government to take on the function of viewing the picture across the country as a whole and deciding where this help should be given? That of course is important, not only from the point of view of furnishing employment in bad times, but also for the long range development of the country. I think it is important that we should know just which department of the government is to carry on this useful work once the department of reconstruction folds up.

Mr. HOWE: The department of reconstruction was formed for the purpose of looking after the transition from war to peace. We feel that that work has been accomplished. However, there are certain continuing functions which we believe should be merged into the permanent plan of operation. Two branches were concerned with the work suggested by my hon. friend. One was the economic research branch, which studies the figures collected by the bureau of statistics, and also collects figures independently and prepares reports from time to time on the state of the country, calling attention to any situation that requires special attention. The other was the public projects branch whose duty it was to encourage self-liquidating or necessary public projects, and to have them available whenever the manpower and materials situation make it possible to carry out such projects. That will be a continuing branch, and both those branches will be merged in the Department of Trade and Commerce.

Mr. GREEN: This will not be under the Department of Public Works or the Department of Mines and Resources.

Mr. HOWE: The plan at the present time is that it will be under the Department of Trade and Commerce. There may be some re-adjustment later. At the moment, consolidation is going on between the Department of Trade and Commerce and the Department of Reconstruction and Supply.

Mr. MILLER: Has the minister's department done any survey work across Manitoba in connection with a new trans-Canada highway? I know certain work was done, but I believe it was done by the provincial authorities in connection with the re-routing of the highway. Actually I should think the trans-Canada highway would be in the mind of the minister, because it is related to the employment part of his program. If no survey has been made, is it in contemplation; and is it the ultimate intention of the department to build the trans-Canada highway across Manitoba and western Canada?

Mr. HOWE: The policy has always been that the route of the trans-Canada highway is a matter for each province to recommend and the federal government to approve. Highways are the responsibility of the provinces. The federal government has neither the authority nor the machinery to build highways in the provinces. Any surveys having to do with the trans-Canada highway in Manitoba would be made by that province.

Mr. STEPHENSON: In connection with the closing out of the Department of Reconstruction and Supply, what would happen to housing projects? Also, will the minister make a statement about the rumour that any com-

munity wishing to begin a wartime housing project must make application before a certain time?

Mr. HOWE: All the housing functions of the government have been concentrated in the Central Mortgage and Housing Corporation, a crown company. It has been customary every year to draw a deadline at a certain date as the cut-off for the program of that year. Obviously a house started in September, 1948, cannot be considered as part of the 1948 program, because it will not be completed in that year. The government does not desire to begin the building of houses in the autumn so that they will have to be completed in the winter. The process is too expensive. The program for 1948 was cut off, I believe, on June 1. This autumn we shall probably be considering the program for 1949.

Mr. STEPHENSON: But it is the intention of the government to carry on the housing program under another department in the future?

Mr. HOWE: Central Mortgage and Housing Corporation will continue to be that body. At the present time it reports to the Minister of Renconstruction and Supply. In future it will report either to him or to some other minister, and its functions will be carried on.

Mr. CASE: The minister has intimated that the provinces are responsible for the designation of the route. Is there any set contribution that the dominion government makes towards that project, or is it a matter of negotiation?

Mr. HOWE: There is no policy which provides for contributions from the federal government toward the building of any highway at the present time—except by special arrangement; and that is usually confined to the opening up of new areas.

Mr. CASE: That is, there never has been any such—

Mr. HOWE: Oh, there has been a policy, yes—other days, other policies. There was a policy in the thirties, when employment was a key consideration, at which time the cost was divided fifty-fifty. At the present time, however, it is impossible to tackle a big project on account of lack of manpower. When it becomes possible to consider such a project, a new policy will be established.

Mr. MILLER: Is there among the future unemployment relief projects or programs of the government any blueprint for the trans-Canada highway?

Mr. HOWE: If we see any sign of widespread unemployment we will proceed to make a blueprint. But at the present time we have not a blueprint and we do not think one is necessary.

Mr. KNOWLES: In connection with the matter raised by the hon. member for Portage la Prairie, may I call the attention of the minister to a recommendation recently forwarded to the government by the Winnipeg chamber of commerce, over the signature of Mr. E. C. Gilliat, the managing secretary. I understand this recommendation was sent to the Minister of Public Works. It seemed to me at the time, however, that it was a matter which would come under this department, and I am glad the hon. member for Portage la Prairie has brought it up.

I shall not take the time of the committee to read the whole of the letter, or even all the terms of the recommendation, but I would call attention to this concluding paragraph, which sets out the views of the Winnipeg chamber of commerce:

> It recommends, therefore, that a dominion-provincial agreement respecting federal support for highway construction under conditions and conforming to specifications as may be set out in the agreement be negotiated forthwith.

Has this been considered by the government? If not I hope the minister will do his part to have this recommendation from the Winnipeg chamber of commerce considered favourably, with special reference to the completing of a dominion-provincial agreement respecting federal support for this desirable project.

Mr. GREEN: The minister has intimated that there is no intention of taking any steps with regard to the trans-Canada highway—

The DEPUTY CHAIRMAN: I wonder what this item has to do with housing and the trans-Canada highway?

Mr. GREEN: We are not on the housing item.

Mr. HACKETT: We have not reached that one.

The DEPUTY CHAIRMAN: We are discussing item 409, which deals with reconstruction projects, subject to allocation by the treasury board.

Mr. HACKETT: The minister has said it covers anything and everything that may develop from an emergency.

The DEPUTY CHAIRMAN: I do not think the item would cover housing and a transcontinental highway.

Mr. GREEN: It would certainly allow us to discuss a trans-Canada highway; I agree it does not cover housing.

The DEPUTY CHAIRMAN: If we would confine our remarks to the item under discussion we would make greater progress. Let us deal with these specific matters when they are reached.

Mr. GREEN: The construction of a trans-Canada highway would certainly come under reconstruction projects. The minister has intimated that the present policy is to do nothing about the trans-Canada highway until there is a period of comparative unemployment. We all hope that will be many years hence.

Mr. HOWE: I did not say that; I said when manpower would be available. I wish my hon. friend would not put words in my mouth. I did not talk about unemployment; that is the specialty of the opposition.

An hon. MEMBER: You did talk about it.

Mr. GREEN: My statement—and I think everyone here will agree—was in accordance with what the minister said.

Mr. HOWE: Quite different.

Mr. GREEN: If he wishes to change his policy, it is all right with me.

Mr. HOWE: I want to point out that it is not the responsibility of the federal government to build highways on its own initiative. The provinces initiate plans for highways and then ask for consideration by the federal government. It is not appropriate for me to talk about building highways unless they lie in the Northwest Territories or in areas controlled by the federal government.

Mr. HACKETT: Or over the strait of Canso.

Mr. HOWE: I suppose we could do that. I can give no commitment about any highway, and I do not intend to answer any questions.

Mr. GREEN: I do submit—

The DEPUTY CHAIRMAN: I do not believe that this item has anything to do with the trans-Canada highway or housing. Hon. members should confine their remarks to the item under consideration.

Mr. GREEN: I point out with all due respect that I am about the sixth or seventh speaker who has mentioned the trans-Canada highway. As other members were allowed to make their statements, and as the minister has been allowed to interrupt me before I had time to complete my submission, I submit that I should not be ruled out of order.

The DEPUTY CHAIRMAN: I think the hon. member will admit that the item does not cover either housing or the highway.

[Mr. Green.]

Mr. GREEN: The item covers reconstruction projects.

The DEPUTY CHAIRMAN: Now—

Mr. GREEN: I am entitled to make my submission.

The DEPUTY CHAIRMAN: Just a minute. If the committee consents that anything and everything can be discussed under this item, the Chair will agree. I have simply drawn attention to the fact that the item does not cover these things.

Mr. MacINNIS: On the point of order, if the chairman says that this item does not cover such projects as the trans-Canada highway, then I think it is up to the chairman to say what subjects can be discussed under this item. It seems to me that the item should permit a wide-open discussion of any projects that might be initiated.

Mr. HOWE: Costing not more than $1,000,000.

Mr. MacINNIS: I agree with the minister that he should not set an amount now, because he has stated that the government would consider this at the appropriate time. I submit that the trans-Canada highway can be discussed under this item, and I think, Mr. Chairman, you should rule accordingly.

The DEPUTY CHAIRMAN: I suggest to hon. members that they should not spend time talking about the chairman's ruling. Apparently it is the wish of the committee that the discussion be wide open.

Mr. HACKETT: It will not take long.

Mr. GREEN: The minister's statement indicates that the government has no intention of proceeding with the trans-Canada highway project until there is a period of unemployment, and that the government also believes that the initiative must come from the provinces. I am afraid that that is not a proper policy. Certainly it is not in line with the wishes of western Canada. We believe that there should be a paved highway from coast to coast, and that it will never be built until the dominion government takes the lead.

At present if anyone from British Columbia wants to drive to the east, or if anyone from British Columbia happens to be in the east—for example, a member of parliament—and wants to drive back to British Columbia with a new car, he does not think for one minute of going through Canada. He gets into the United States by the shortest route, travels across the United States as far as he possibly can, and then comes back into Canada.

Mr. BLACKMORE: And spends United States dollars in the process.

Mr. GREEN: If he can get them. That has been the position for a long time, and it creates a serious situation. It makes it that much more difficult to build up a strong nation. I think one of the most important policies that could be adopted by any Canadian government would be the completion of a paved highway from coast to coast.

A person in British Columbia never thinks of driving to Alberta; it just never enters his head. If he goes for a drive he goes to Washington or Oregon or California; he would not think of driving across to Calgary. The same thing applies to most of the people on the prairies. They seldom think of driving through the mountains to British Columbia, because the road is poor. It is a ridiculous situation to have in a nation which we hope will be one of the leading nations of the world. It is not good enough to put off the construction of the trans-Canada highway until—

Mr. KIRK: Who builds the roads over in the United States?

Mr. GREEN: We tried to get you a bridge a few minutes ago. It is not good enough to put off building a first-class trans-Canada highway until there is a period of unemployment or until we can get the nine provinces to take a lead. The lead in this connection must come from the dominion. I am sorry to learn this morning that the policy of the government is as it has been enunciated by the minister.

Mr. MacINNIS: I have received from British Columbia many letters and resolutions indicating a great interest in this matter. I do not concede that the dominion government cannot have any interest or responsibility in connection with a trans-Canada highway. A trans-Canada highway, because of changed transportation conditions, is as much a necessity today as were the railroads before and after confederation.

I do not believe the trans-Canada highway can be built by the provinces. Some of the provincial roads already in existence could be used as part of the trans-Canada highway, but I am satisfied that sooner or later the federal government will have to give some assistance. If it has to give assistance, then I think it should have some say in deciding what the route should be. I do not agree that the federal government should provide funds for projects and then have no control over them.

With the relatively high employment existing at the present time perhaps this would not be a good time for the provinces or the federal government or both to start actual construction on a project of this kind. But a policy should be announced and the necessary surveys made so that when labour and materials are easier than they are now, the provinces and the federal government will be able to go ahead with the project in a properly planned way.

I am not sure whether the minister and the government have such a policy in mind, but ultimately they will have to have one, because the people of Canada will demand it; and they are demanding it now.

Mr. FULTON: For three years I have been trying to bring this matter separately before the house under a resolution which would deal with this matter alone, but that has not been feasible. I support what has been said here this morning, except that I do not agree with the member for Vancouver East that the time is not ripe to make a start on this construction. Our provinces are building roads now which might form part of a trans-Canada highway system, and they should have now the financial assistance that will eventually be given to them under a trans-Canada highway policy.

I agree that the federal government should not be expected merely to contribute funds, but should have a say in the standards of construction and maintenance, and in the location of the highway. The most logical way to proceed would be along the lines followed in the United States, where a federal highways commission is set up, which, in conjunction with the states, works out the location of the roads and the standards of construction and maintenance. When the states have built the roads in accordance with the agreed specifications, the federal contribution is payable. That would be the logical way to do it in Canada. In the United States if the road is maintained in accordance with the agreed specifications, a yearly contribution is made towards the maintenance of that highway system. The policing of the road, traffic laws, and so forth, are in provincial hands. But the federal government, through the highways commission on which the states have representation, lays down the standards of construction and of maintenance. The federal government's contribution is fifty per cent. I think we should follow that precedent here and make a start now, so that the provinces which have to build and maintain their roads would be entitled to federal assistance in respect of the roads which fall within the trans-Canada highway system.

The commission might well take into consideration also the question whether we should have only one, or two or more trans-Canada roads, and should be making its plans for the location of these roads to encourage the provinces in the road building they are now doing

which will become part of the highway system. The provinces should receive assistance in that work now. Then the provinces, particularly the western provinces, could devote their own resources to their own main problems, which include the building of roads in the new areas to be developed; and the federal funds would help to take care of the main road question.

While I agree with all the principles put forward this morning, I do not agree with the member for Vancouver East that no start can be made on actual construction now. I feel that we could make a start along the lines I have suggested, without making extra demands on labour and building materials.

Mr. CHURCH: I am not objecting to what the British Columbia members do, who are well represented on both sides of the house. But houses are needed ahead of highways. I point out to the minister that an agreement was made by the city of Toronto with this government and the provincial government under which the federal government was to pay one-third of the cost of some housing projects, and I hope that commitment will be lived up to.

Mr. BLACKMORE: I do not propose to discuss the trans-Canada highway, except to point out that last year thirteen of us, including members from various parties, supported a program in favour of the southern route for a trans-Canada highway. Therefore I am thoroughly in favour of what has been said this morning in support of a trans-Canada highway.

I wish to say a few words on the Red Deer diversion scheme. There are several aspects of this scheme which are worthy of consideration by the minister of reconstruction. In the first place, the Red Deer diversion scheme is designed to put water on pasture land in what is known as short-grass country. The short-grass country extends in various directions from Medicine Hat, and the same kind of country is to be found in the area to be served by the Red Deer diversion scheme.

Those who are not familiar with western terminology may not know the significance of short grass. Short grass is exceedingly nutritive. Cattle will finish more rapidly on short grass than on any other kind of natural forage that I know. We can therefore see that this area is exceedingly valuable as a source of feed. The soil is very rich. The grass grows rapidly and abundantly as long as there is water on the land. The soil is not inclined to alkalization. We do not have to worry about spoiling that land with too much water because the land is well drained.

May I say for the benefit of those who are interested in irrigation projects in Alberta, Saskatchewan and Manitoba, that there is danger in irrigation schemes of spoiling the land through alkalization if it is not well drained or susceptible of being well drained. The land I speak of is well drained and is not subject to alkalization.

There are 500,000 acres of land involved in the Red Deer diversion scheme, using water only out of the Red Deer. If you add water from the North Saskatchewan, 900,000 acres could be brought under water, all exceedingly productive.

The land is gently rolling, the slopes not precipitous; the water will not run off—a very important factor in any irrigation scheme.

There is one reason why I am particularly interested in the Red Deer diversion. I may seem to be looking too far into the future, but I do not think I am. The Red Deer diversion is naturally a complementary scheme to such a project as the Lethbridge southeast water conservation project which the minister has done so much to help forward, a scheme designed primarily to put water on agricultural land on which it is proposed to raise sugar beets, canning crops and other cultivated crops. The Red Deer diversion scheme is not so valuable for cultivated crops as it is to provide forage for stock. There are, in the area adjacent to the Red Deer diversion scheme, great stretches of land which, being in the Palliser Triangle, do not receive sufficient precipitation to enable the land to support regular settlement. It does receive just enough water to make it pretty good pasture for cattle, so that probably four acres would supply the needs of one animal. A person could not make a living on a small amount of that land. But if it is not used in production of stock it remains idle and of no value to the Canadian economy.

The minister can readily see that such an area could well be used in the Canadian economy for the production of beef which would be fattened down in the areas where the sugar beet factories are. It is thus extremely important, especially if we go forward with an extensive development of the beet sugar industry, as we should, in the area which the minister is now proposing to irrigate under the Lethbridge southeast conservation project, involving, as the minister knows, about 350,000 acres of land.

Considering the fact that we are going forward with the St. Mary river project, the Red Deer diversion scheme ought to be developed as a complementary project.

May I give a few other facts about this project?—and then I shall resume my seat. I am informed that the main dam for the Red Deer diversion project will back up water to a depth of 150 feet on the Red Deer river, which means a great deal of water. From the reservoir produced by the dam it is proposed to carry the water by canal to lake Hamilton. It is thought that the cost of building the dam and carrying the water to lake Hamilton would amount to around $7,000,000, which in days like these is not a great deal of money, especially bearing in mind the tremendous value to the Canadian economy which could result from the expenditure of this money.

There is another important aspect of this particular project. At the present time, as the minister knows, all over the west there is a great deal of run-off. Where the land is covered with short grass, nearly all the water that falls in anything like a rapid rain, or in a snowstorm, which melts quickly, runs off and we get no good from it at all. In this particular area there is a broad basin from which a vast amount of water yearly runs off. That water could be arrested without too much expenditure in the Red Deer diversion scheme by constructing appropriate dams here and there at the mouth of lake Hamilton and various other small lakes. Thus a great deal of good could be derived by saving that amount of water which now runs away into the Hudson bay to waste.

There is another lake beside lake Hamilton which is also important to this scheme, namely, Buffalo lake. When I tell hon. members that Buffalo lake is fourteen miles long and eight miles wide, they will realize that we are not talking in terms of small matters when we discuss the Red Deer diversion scheme. The cost of the whole project is estimated at about $15,000,000. That is about the amount which is to be spent on the St. Mary river project.

There is one more aspect of the matter. We have had bitter experiences this year in the floods on the Fraser river. In any area in which there occurs occasionally abnormal precipitation, either of snow or of rain, we are apt to have serious floods. We might have serious floods on the prairie rivers. I have seen very serious floods at Lethbridge, Medicine Hat and Cardston. We did not happen to have them this year, but we could have had them. The Red Deer river is capable of giving us a serious flood problem. The town of Drumheller suffered this year. The construction of this project would help to overcome the danger of floods on the Red Deer river, because it is proposed to draw the water from the main reservoir into lake Hamilton, and this, as the minister can see, would automatically distribute the water over a wide area. From the canal which draws the water from the main reservoir into lake Hamilton it is proposed to cut a canal of about a mile into Buffalo lake. There another tremendous amount of water can be stored, which could be used either to replenish the water of the Red Deer in case of low water, or to supply water to lake Hamilton and the land under the project.

The minister can see from what I have given in this rough outline that the project is really in a class by itself and worthy of special consideration.

May I deal with one or two other matters? It is the responsibility of Canada at the present time to supply food. Nearly everybody is worrying about food. The world is actually short of food. I wish to refer to an article which I shall not go into in any detail. It is headed "Want still threatens the world." It appeared in the Ottawa *Citizen* of May 22, 1948. The subtitle reads as follows: "Sir John Boyd Orr reiterates his grim warning that the nations should be growing food instead of making preparations for war." In the article appeared these words:

> But as he showed in notable reports, most of the people of Britain were not adequately nourished and half the world's population normally suffers disease, disability, and premature death because of not having enough food. Now the world's high birthrate is intensifying the problem.

As the minister very well knows, when people get hungry they are capable of doing a good many extreme things, including going to war. Nations which are abundantly blessed by Providence, such as the United States and Canada, simply must be prepared to assume a greater and greater responsibility in the world's program of producing food for a hungry people. We cannot afford to defer this matter long; the people are hungry now, and they have been ever since the war. The population is rapidly increasing. This is important in connection with this project because of the fact, as I have indicated, that by developing this project we can produce great quantities of beef which can be finished in the sugar beet areas, greatly to the advantage of the whole country. The Red Deer diversion scheme is not necessarily a reconstruction project or part of a reconstruction program for Canada; it is rather a part of the reconstruction scheme for the world. This gives the matter considerable importance.

I trust that hon. members of the committee will pardon me for having detained them

as long as I have, but I did think that this matter was worthy of special attention at this time.

Mr. McIVOR: I see bright prospects for the completion of the trans-Canada highway.

Mr. GREEN: You have good eyesight.

Mr. IRVINE: Where do you see it?

Mr. McIVOR: During the provincial election the Premier of Ontario, along with his supporters, promised that the Ontario part of the road would be completed. Of course there are a good many people who think that the premier of the province keeps his promises. I think he will keep this promise if he considers it of practical use. Since he has visited the head of the lakes and knows what we have there as an attraction for tourists from the east and from the west, we are sure that he will do his part.

In the past the Minister of Trade and Commerce has shown a willingness to co-operate with anybody and everybody for the good of Canada. When we think of what we have at the head of the lakes to sell to the rest of Canada, we believe that the province will do its part, and I am sure the dominion will do its part.

Mr. CASTLEDEN: It is evident that there is a national need and a national demand for a highway system across Canada. The organization of highway associations, resolutions from boards of trade, and meeting of the highway ministers from various provinces have revealed that there is not only a need but a willingness on the part of the provinces to co-operate with the dominion in any such scheme. The debates in this house reveal that there is a demand from the Canadian people for a highway system which would be worthy of this country.

It is evident also that the nine provinces cannot build this road by themselves. Some of the provinces have extensive highway programs, which take in practically everything they can possibly do. By means of co-operation between the federal government and the provincial authorities, along lines similar to those followed in the United States, I think it is possible for the dominion to inaugurate a system, and I am surprised that steps have not been taken towards laying the foundation for negotiation between the provinces and the federal government with respect to this important project.

It is evident that in the prairies not only the provincial governments but the people themselves are willing to assist. It is fully realized that the people do not want construction materials to be used in the building of highways if they are necessary for housing, for houses at the present time are more important than highways. At the same time there are vast stretches in the prairies over which highway construction would not be very expensive. They have the tar sands, and they could proceed with highway construction that would be both cheap and easily done, compared with British Columbia. But British Columbia has shown its willingness to act.

I should like to know whether or not any steps have been taken towards negotiation between the federal government and the provincial authorities in order to lay plans for proper co-operation so that this important national project may be undertaken. Has there been any negotiation at all, or any approach from the provinces in the matter?

Mr. FAIR: Mr. Chairman, I have been waiting for the past twenty minutes to get the floor in order to add my little piece on the question of a trans-Canada highway, but I have been unable to get the eye of the chairman because I am so far away from him.

I should like to comment briefly on the reply given to the hon. member for Portage la Prairie by the Minister of Reconstruction and Supply. The minister stated that it was the responsibility of the different provinces to plan and construct a trans-Canada highway. In my opinion the federal government should take the initiative. We shall have no continuous highway if we leave it to the individual provinces, for the reason that there are a number of people who feel that the routes which they advocate should be constructed.

In my opinion the government should adopt the suggestion made by an organization set up recently at Saskatoon—last November 29, I believe—which recommended a trans-Canada highway commission to co-ordinate the efforts of the different provinces in co-operation with the dominion, because that would be the proper solution of the project.

The Yellowhead route for the trans-Canada highway has been advocated by many people in the prairie provinces. At my home town of Vermilion, on October 15 last, a meeting was held, attended by 127 delegates representing the district between Edmonton and North Battleford inclusive, and I understand that a report of that meeting has been forwarded to the dominion government, as have been briefs on former occasions dealing with the trans-Canada highway Yellowhead route. In these briefs it was pointed out that the Yellowhead route is shorter, and presents fewer engineering difficulties than

the others that have been proposed. There is much less snow on it in the winter, and therefore it is passable for more months of the year than the other suggested routes. I understand that route was picked out by the engineers of the Canadian Pacific Railway many years ago, but for some reason it was later abandoned.

A survey by engineers would show, I believe, that the proper route to take would be from Winnipeg to Saskatoon, Lloydminster, Vermilion, Vegreville and Edmonton, then on to Vancouver, with another branch to be built to Prince Rupert.

I have said on this vote part of what I intended to say on the estimates of the Department of Public Works, in case I am not here when they come up. I see the Minister of Public Works in his seat, and I hope he will take note of my remarks. Many things can be said in favour of the Yellowhead route, and I believe the time has long gone by when it should have been built.

Like many other members from the west, I have motored across Canada at different times, but I have not taken a chance on motoring all the way through the dominion. I have followed routes to the south where there are good roads. I think it is a disgrace to this dominion that there is not an all-weather highway from the Atlantic to the Pacific.

Mr. MILLER: I have been trying to get in my main question on this subject of a trans-Canada highway, and I should like to make a suggestion to the minister.

Mr. HOWE: This has nothing to do with the trans-Canada highway, I know nothing about the trans-Canada highway; I will not answer questions about it, and after that you can go on with your questions.

Mr. MILLER: I will not make a speech, but I wish to offer a suggestion. I suggest that the minister confer with the Minister of Mines and Resources, the Minister of Public Works, and the Minister of National Defence, and perhaps also, as has been suggested, have someone originate discussions with the provinces, with a view at least to having someone take the lead in this matter and co-ordinate the whole thing so as to have a plan prepared. From the standpoint of bringing in tourists it is important to the Department of Mines and Resources. Public works might also be involved, and certainly national defence. The provinces are interested, and I do not think there is one of them which would present any obstacle to the federal government stepping in and taking the initiative in the construction of a trans-Canada highway. I think the minister of the department whose estimates we are now considering is the one who can best take the lead in originating discussions among the various departments concerned, and in giving consideration to this project, the necessity for which has been emphasized so much this morning by various members.

Mr. KNOWLES: May I say, in connection with the recommendation which I read to the committee a few moments ago, that it is contained in a letter from the Winnipeg chamber of commerce to the Minister of Public Works. My suspicion is that when the Minister of Public Works receives it he will say that it does not come under his department, and he will probably refer it to the Minister of Reconstruction and Supply.

Mr. FOURNIER (Hull): I have not yet seen that resolution, but I can give an answer now. In public works we have no jurisdiction over roads in this country. Furthermore, I will say that even reconstruction does not cover highways. All this debate may be good from the standpoint of the individual provinces, but it is not advancing the progress of the estimates before the committee. It is not relevant to the estimates.

Mr. KNOWLES: Part of my suggestion, at any rate, as to what the Minister of Public Works would do with the letter when he received it, is correct, in that he says it does not come under his department. It seems to me that when these requests come in, the government should consider them; and I ask again for consideration of this simple, straightforward recommendation: that a dominion-provincial agreement respecting federal support for a highway construction be negotiated forthwith.

Mr. FERGUSON: I am sure that when the minister receives the letter to which reference has been made he will pass it on to the proper authorities. Why waste time talking about it?

The CHAIRMAN: This question of a trans-Canada highway does not come within the item. Shall the item carry?

Some hon. MEMBERS: Carried.

Mr. McLURE: I wish to speak on this item, Mr. Chairman. I have been trying half a dozen times to get the floor.

The CHAIRMAN: In order that the committee may know which item is to be considered when it reconvenes at three o'clock, I put the question, shall item 409 carry?

Some hon. MEMBERS: No.

The CHAIRMAN: The hon. member for Queens wishes to discuss the item.

At one o'clock the committee took recess.

The committee resumed at three o'clock.

Mr. McLURE: When the hon. member for Cape Breton South was speaking on item 409 he stressed once again the strait of Canso connection—that is, between Cape Breton Island and the mainland of Nova Scotia. I do not wish to deal with this matter any more than to say that I concur in what the hon. member has said; and whether it should be a causeway, bridge or tunnel, I would be prepared to leave to the best judgment of capable engineers. I wish to say that this is not a community matter, nor is it a maritime matter. It is a national necessity for the business that is being done in that part of Nova Scotia. Therefore as a maritimer I am glad to support what the hon. member for Cape Breton South has already said.

I was surprised to learn from the minister of reconstruction that this department is now what might be termed a passing show. A few years ago when this department was organized it was heralded across Canada with trumpets sounding as one of the greatest departments of government for the benefit of Canada and all the provinces that was ever inaugurated at Ottawa. At the same time this department advises the provinces to set up similar offices or organizations by means of which to get in contact with the federal government and bring before them what the provinces desire with regard to the different projects they have in mind in their own interests.

What has this reconstruction department done? We find—and I intend to speak of our own province in particular—that the work of this department has been practically nil. However, it has been of some service to the government. It was an excellent vote-catcher in 1945, and again in 1947, in the provincial election. The projects that have been outlined in my province to the federal department were projects such as the West Point-Buctouche ferry system, a super-highway from Borden to Charlottetown, and the construction of the Brighton bridge, by means of which, in conjunction with the super-highway from Borden, the distance from Borden to Charlottetown would be shortened by some twenty miles. Both major political parties made definite commitments with reference to those projects that were placed before the federal government. As I said, they were given prior to an election, but the people had some faith, and believed that the government, if elected, would fulfil those promises. So far, however, we have nothing but the bare promises.

In this connection I might say that we have been advised today by the minister, and also by the chairman on several occasions, that we should not have anything to say about these projects at the present time, that we must simply forget them. In other words, they have told us that we are not supposed to speak about road building as one of the projects. In the course of the discussion I learned from various people who were discussing this matter—

The DEPUTY CHAIRMAN: Order. I hardly think the hon. member is stating facts when he says the chairman requested that hon. members should not go into the different departments. I said that on item 407, general administration, the hon. member had the opportunity of discussing anything he wished to discuss.

Mr. McLURE: With all due respect, Mr. Chairman—

Mr. HOWE: The hon. member is discussing Prince Edward Island politics.

Mr. McLURE: —I am not discussing anything that has not already been discussed under item 409. What I am doing is particularizing the matter with reference to my province. I think that is a fair conclusion to draw. However, I will not develop it quite as far as I had intended; I will simply say that the proposed projects would have been of great benefit to our province.

I shall now mention a matter which was much in the limelight prior to the last two elections—the West Point-Buctouche ferry proposal. The people in Prince Edward Island were not asking for too much. They have already secured at Buctouche a guarantee for a landing pier at no cost whatsoever to the federal government. They have also secured, through the Saint John Dry Dock concern, the use of two suitable boats for this ferry route again at no cost to the federal department. All the people are asking with reference to this project is that a pier be built at West Point for the benefit of the farmers in that community. Besides, of course, they will be looking for a subsidy in connection with the service that is to be rendered. If under these circumstances that project is not to be definitely taken up at this session or during this fall, I believe the people should be definitely so advised so that they may take upon themselves the responsibility of making other

arrangements for transporting their crops instead of having the long haul to which they are now subjected.

I wish also to mention in passing that we were definitely promised, under this reconstruction policy and reconstruction department, that consideration would be given to harbour improvements in the city of Charlottetown. Consideration was to be given to the building of a marine railway slip. I mention these things so that we may not be brushed off too easily with regard to the promises that have been made. I for one do not intend to be brushed off by these promises, which were definitely made by the government; and from time to time as opportunity arises I shall bring the matter to the attention of the ministry.

In compliance with the decision of the chair I shall not go into details, but if the government intends to take any action whatsoever with reference to the highway from Borden to Charlottetown, and the building of the Brighton bridge, then a definite decision should be made. I believe it was the minister who said that the federal government did not take any active part in the building of highways in the provinces. For his information I would say that in 1935 construction of the super-highway from Borden to Charlottetown had been begun, and two or three miles of it were built of solid concrete. We were hoping that after 1935 the work would be completed, but nothing has been done, with the exception of the repeated promise that this super-highway would be built.

Another highway was built by the federal government from Hunter river to Rustico. This highway was built entirely by the federal government, without one cent of cost to the provincial government. These projects have been started, and the federal government should take upon itself the fulfilment of what the Department of Reconstruction and Supply has led people to believe would be implemented.

I hope the minister will give us some assurance that the projects which have been mentioned will have some chance of completion within the next six months.

Item agreed to.

411. Home conversion plan, $50,000.

Mr. LENNARD: In what I shall say I am not holding the minister responsible, because he will remember that some few months ago when he took over this branch I told him he was asking for trouble. I am interested in some twenty projects in the Hamilton area. These projects were taken over from the owners in 1944, I believe it was, and these owners were all more or less given to understand that the work would be let on a contract basis. I learn that in every case it was let on a cost-plus basis, and in some cases the cost of conversion was almost double that of the understanding between the owners and the department.

I have in mind particularly the building at 72 Victoria avenue, south Hamilton. The conversion in 1944 was to cost $7,500. The building permit was issued from the city for the sum of $5,600. On completion the conversion cost $12,600. I bring this to the minister's attention because I feel that the people who had these properties converted should receive some consideration from the government.

I would draw the minister's attention to another matter in which I have some interest, and that is the salvage items in connection with the majority of these projects. A return I received some months ago shows that the average salvage for fourteen of these projects was $5 each. That amount was for water heaters stored in a garage somewhere in Hamilton. This means that there was salvage to a value of $100 on these twenty projects costing several hundreds of thousands of dollars.

Mr. JACKMAN: Perhaps they deducted the postage.

Mr. LENNARD: Then I received a later return in which the amount shown was a little over $200. I wrote the minister's department and inquired about the salvage in connection with one project, and I was told that the salvage to the value of $5 was for a jacket water heater; and that was valued at $5.

In connection with this same project the original owner has an itemized list of certain items. I believe in this list he is modest, because it amounts to only $125. Among the items I see five cut-glass doorknobs at $1 each. I doubt if one could buy cut-glass doorknobs today for less than $10 a pair. This later return in connection with the project shows miscellaneous fittings at $14, a used basin at $10, one jacket heater at $5 and one imperial heater at $5, making a total of $34. The amount was increased by $29 in the second return.

I draw this to the attention of the department to show that while I am not holding the minister responsible, it would appear that contractors walked in and took everything they could lay their hands on. They took walnut staircases, mahogany pieces, lighting fixtures and everything else. Nobody knows where those things went; it is just one of those things that happened.

I urge upon the minister and the members of his department that every consideration

be given to these people when these projects are being turned back to them.

Item agreed to.

412. Emergency shelter—administration, $3,000,000.

Mr. McLURE: Both the minister and his parliamentary assistant have given assurance that something will be done with regard to the Maple Hill emergency housing project at Charlottetown, Prince Edward Island. I would ask for a definite statement now, and some assurance to these people that they will not be ejected. I have received word today that the provincial government has ordered the closing of the school at that point on June 30.

Mr. HOWE: I do not know what the situation is in Prince Edward Island, but I think most schools close on June 30 every year. I would suppose Prince Edward Island is no exception. The situation is that certain buildings owned by the government were converted to emergency shelter under an agreement with the city of Charlottetown. The city withdrew from the agreement, and at that time the project was taken over by the provincial and federal governments on the basis of each sharing fifty per cent in the loss. The situation today is that the provincial government has advised the federal government that it does not wish to continue the agreement beyond September 1. An offer has been made by the province for the purchase of the buildings and that offer has been accepted. The result is that the federal government is out of the emergency shelter business in that province.

Item agreed to.

413. Wartime Housing Limited, $50,000,000.

Mr. FULTON: When, as the minister indicated, this department closes up in six or seven months, who will be responsible for the supervision of wartime housing projects and other housing projects under construction?

Mr. HOWE: The present minister is the one designated to be in charge of wartime housing. Until some change is made, the present arrangement will continue.

Mr. FULTON: I should like to bring to the attention of the minister a question having to do with the request made by certain municipalities in British Columbia for increased returns from the lots now occupied by wartime houses. I know this is the case with Kamloops and I am informed the same condition applies to other municipalities. The municipality finds that it can no longer service these lots at the figure agreed upon with the government when the houses were first built, which was from $24 to $30 per lot per year. I understand that the government has entered into an arrangement whereby the city will receive in the neighbourhood of $80 per year, but the tenants now find that there will be an increase in their rental.

Mr. HOWE: No.

Mr. FULTON: How is it to be done?

Mr. HOWE: The rent is just the same.

Mr. FULTON: I have received a petition from practically every tenant of the wartime houses built in Kamloops protesting against being charged increased rentals.

Mr. HOWE: The rental is just the same. The city of Kamloops in its judgment has made a certain assessment against the tenants for taxes, and the government has agreed to collect the additional amount and remit it to the city.

Mr. FULTON: Although it is not rent that the government is collecting, it is—

Mr. HOWE: It will be collected by the government and paid over to the city which made the assessment.

Mr. FULTON: These projects were intended to provide low-rental houses, and as far as I can make out from the correspondence I have had with the department, so far it is not denied that the city requires a greater amount in respect to these lots than it is now getting. If they continue at the present rate they will have to impose an unfair tax burden on the ordinary property holder in the city.

An agreement, which the minister has just mentioned, has been arrived at between the city and the Central Mortgage and Housing Corporation. If that agreement is carried out, it means that the Central Mortgage and Housing Corporation, which is in effect the federal government, will not bear any portion of the increased administration costs with which the city is faced. The result is that these houses are no longer the low-rental houses they were originally intended to be.

Although it is not rent that the government is charging, to the tenant it amounts to an increased rental. If it is the purpose of these projects to provide low-rental housing to those in the low income brackets, particularly returned veterans, I think it would be proper for the federal government to pay a portion of the increased costs of the municipality. The government should assume at least half and let the tenant pay the other half.

As I say, I am in correspondence with the department about the matter, and I have not as yet received a definite reply. They suggest that they do not understand the purport of my representations. I hope they understand it now. I think the federal government should pay at least half of the increased costs, with the tenant making up the other half.

Mr. HOWE: The position of the crown is quite clear. The houses were built under a tax agreement with the city. The rentals provide for a reasonable return on the capital investment and also for agreed taxes. The city agreed that the charge per house would be $25 a year, or thereabouts. However, the city has since changed its mind about the taxes that it requires from these houses. The crown has not changed its position one iota. It requires so much as a return on the investment; an amount which has not changed. The federal government has not imposed any greater burden on anyone. The city has increased its requirements from $24 to $70 or $80. As a convenience the crown agreed to collect that for the city, although it is under no obligation to do so. It could easily have said, "Make your own collections," but it did not. It is co-operating with the city to the extent that it is collecting the city's levy along with its own rentals. The rentals have not changed.

Mr. FULTON: In other words, the crown will not assist the city by assuming some portion of the increased burden? Is it not admitted that the city erred on the side of generosity when it fixed its charges at from $24 to $30 per lot per year? Surely it cannot be denied that that is too little to charge for servicing a lot?

Mr. HOWE: All I can say is that the amount was agreed upon with the city. They signed an agreement voluntarily, and we assumed that there were intelligent people in Kamloops. We have to assume that. If my hon. friend owns a house and the city requires more taxes, I am sure he will pay them.

Mr. FULTON: But the city entered into that agreement only because it was under compulsion to do so. It is not quite correct for the minister to say that they were not under any compulsion. They were under compulsion because they regarded it as their moral duty to try to supply low-rental accommodation for their citizens. All costs have gone up since then. The return to the city was low enough at that time, but the city was willing to accept it because of the compulsion I have spoken of. Costs having gone up, the federal government should assume at least a portion of them. The city would still be getting less than it receives from private taxpayers, and therefore the other taxpayers would still be helping to provide this low rental accommodation. My suggestion is that the whole burden should not be placed on the city.

Mr. HOWE: I am not placing any burden on the city; the city is placing a burden on the tenants.

Mr. FULTON: Do not permit the city to assume the whole burden of increased costs; the federal government should help.

Mr. HOWE: The city is not assuming any burden.

Mr. FULTON: The minister has said that the crown requires a certain return as interest on its investment. The investment of the crown is to be returned by the payments made each month. Why should not the city get back its investment? Why should the city assume the burden of servicing these properties at less than cost?

Mr. HOWE: We do not ask them to.

Mr. FULTON: No, but you say that if they do not do that, they have to pass on the whole cost to the taxpayers. In other words it is no longer a low-rental housing project. The whole investment is to be returned with interest, and the tenants will have to pay full taxes or the city will have to service these properties at a loss. These projects are certainly not fulfilling the purpose which the city understood they would when it entered into the agreement, that of providing low rental housing with an element of subsidization.

Mr. HOWE: The city knew exactly what the houses would be like; they knew that they involved a rental of some $19 or $20 a month to the government, plus taxes of about $24 per year to the city. That was well known to all. The government has not changed its position. Its amortization and interest charges are exactly what they were then. My hon. friend is trying to say that the government has changed something, but the government has changed nothing at all. Will he explain wherein the government has done any great injustice to the city?

Mr. FULTON: I will try to do it again. All costs have gone up. That is not the fault of the city, nor is it the fault of the taxpayer.

Mr. HOWE: Nor of the government.

Mr. FULTON: I will not enter into a debate as to whether it is the fault of the government, but these costs have gone up, and what I am asking the government to do is to change their present position. Let them enter into a further arrangement with the city to share the burden of the increased cost, fifty per cent each, and do not ask the property owners, the taxpayers, to pay any share of that increased cost. This will be doing what we have in effect frequently urged the government to do—provide low-rental housing with an element of subsidization.

Mr. CASE: I would like someone to take care of me in regard to my property.

Mr. HOWE: This discussion is getting back to subsidized housing. The position is this. The city is not sacrificing anything. It is getting taxes from these houses just as from any privately owned houses. That is the business of the city. We cannot interfere between the city and the taxpayers, and we are not inclined to; we are co-operative.

Mr. FULTON: The city would be glad if you were to share the increased cost.

Mr. HOWE: I know that. My hon. friend may think that is the logical thing to do with the public purse, but I differ. The increase in the old rental is trivial in comparison with the increased costs. It is still the lowest rental housing in Kamloops or anywhere else.

Mr. GREEN: Will the minister explain why the government undertook to collect these taxes for the city? Apparently the position in Vancouver is that originally an agreement was made between the city and the corporation and the houses were rented at an agreed figure. Then the city threatened to levy a tax on the tenants as distinct from a tax on the land. The government negotiated a contract with the city, without consulting the tenants at all, and apparently agreed to collect the assessment that had been levied on the tenants.

The next thing that happened, according to a brief I have here from the Wartime Housing Tenants Association of Vancouver, dated early in May or about the end of April, a copy of which has been submitted to the minister, was that Central Mortgage and Housing then sent to these tenants what it is referred to in the brief as "a notice to quit," but it seems to me a notice of increased rental. It reads:

> Under the terms of a resolution passed by the city of Vancouver, dated February 24, 1948, this corporation (Central Mortgage and Housing Corporation) has been requested to provide increased payments in lieu of taxes to the city of Vancouver. In order to provide these requested increased payments in lieu of taxes, your rent will have to be increased by a similar amount.

That was the notice sent by Central Mortgage and Housing Corporation to these tenants, who apparently knew nothing about the deal made between the city and Central Mortgage and Housing for an increased rental. Apparently it was done in the face of an understanding between the city and the tenants association that no change would be made without the tenants being permitted to make representations. I admit that the government is not responsible for any agreement of the kind made by the city, but the agreement makes it just that much more unfair from the point of view of the tenants. I should like to know why the government agreed with the city to collect these taxes, which were being levied, not on the government but on the tenants, without the tenants being given an opportunity to make representations.

A further question is this. This brief says that throughout there has been a suggestion that the tenants would be able to purchase the houses, but no sale terms have ever been announced. Central Mortgage and Housing Corporation has not yet told the tenants on what terms they may buy these properties. Many of the tenants might like to purchase the properties; if they did so, they would become the assessed owners and would pay the ordinary taxes on the properties, which, it is suggested in this brief, would be lower than what they are now required to pay.

I think that the final request which the tenants make in their brief to the minister is a very reasonable one. It is this:

> On behalf of the Wartime Housing Tenants Association we respectfully urge, Mr. Minister, that you negotiate and conclude an agreement with the city council of Vancouver to have the increased taxation held in abeyance until such time as the Central Mortgage and Housing Corporation are prepared to have these houses properly appraised and a purchase plan submitted to the tenants.

I would ask the minister to answer my two questions: first, why did Central Mortgage and Housing Corporation step in and make a deal with the city over the heads of the tenants; second, what is the reaction of the minister to this request made by the tenants for a proper appraisal and a purchase plan so that they will at least have the option of buying the houses and becoming taxpayers in the ordinary way?

Mr. HOWE: I am surprised at the notice sent out by Central Mortgage, which does not represent the true situation. The houses in Vancouver were built under an agreement with the city in the ordinary way. The land

was transferred by the city to the crown, the federal government, and the houses were built. The initial rentals were worked out on the basis of an agreement with the city which provided the usual terms, that we should pay from $22 to $26 a year in taxes to the city, and that the rental would be based on the cost of the project, plus taxes provided for in the agreement. However, the city, as my hon. friend knows, has the right to tax tenants of rented property. It exercises that right quite freely in British Columbia. What actually happened was that the city exercised that right by agreement with the department of municipal affairs of the province. We said that we would collect the tax which the city assessed, provided that we consider the tax reasonable in amount. We thought the tax imposed by the city was reasonable, and we agreed to collect the taxes. It was simply a matter of co-operation. We did not agree to the taxes being imposed. The only part this government had in it was that we said we would collect the taxes for the city if in our opinion the tax was reasonable.

Mr. GREEN: Was any order obtained from the respective tenants authorizing the dominion government to take out that amount?

Mr. HOWE: No; the city imposed the tax.

Mr. GREEN: Was any authority given by the tenants to the government to pay that amount?

Mr. HOWE: No; we are simply acting as tax collectors for the city in that regard.

Mr. HACKETT: If the tenant did not pay, the city would have to sue.

Mr. HOWE: Yes.

Mr. GREEN: It might have been much better to let the city collect the tax from the tenants. Then the matter would have been brought to a head, and I doubt very much whether the city would have tried to collect.

Mr. HOWE: That may be so. The city had the legal right to impose the tax. The tax was legally imposed, and if we choose to collect it, we do so simply as a matter of co-operation. We try to co-operate with the cities in which we have houses. We did that in this case. We are doing it in every similar case across Canada. If the tax is legally imposed, and we think it not unreasonable, we co-operate with the city by collecting it from the tenants. If the tenant refuses to pay the tax, but is willing to pay the rent, it then becomes a matter between the city and the tenant.

With regard to the second part of the question, about selling the houses, we sell houses wherever the city permits us to do so. The houses were built under an agreement with the city which did not provide for the sale. Many municipalities and cities have released us from that agreement. For instance, the town of North Vancouver released us from the agreement, and we are selling the houses there to veterans. I think we have sold eighty per cent of all the houses we owned in North Vancouver. The former tenant is now the owner, and the city collects the taxes in the ordinary way. The difficulty in Vancouver has been that we have not yet been able to work out a price for land at a level which we believe should be included in the sale price. My hon. friend will understand that. While the city transferred the property to the crown for a dollar a year, there was an agreement that if the property was sold, the city would recover a reasonable price for the land.

Mr. GREEN: Many houses are involved in that transaction. Is it not possible to reach finality on the purchase price and the terms of sale?

Mr. HOWE: It has not been so far. We think we are pretty close to it in Vancouver.

Mr. GREEN: How long have negotiations been going on concerning these prices?

Mr. HOWE: About eighteen months.

Mr. HACKETT: What proportion of the $50,000,000 is allocated to the construction of wartime housing in rural areas as distinct from towns and cities?

Mr. HOWE: Wartime housing is not built in rural areas under the usual terms, for reasons that I think my hon. friend will understand. The farm section of the Central Mortgage and Housing Corporation Act has been applied to farming areas. In other words, people in the rural areas can borrow money under the National Housing Act to build houses, but houses are not built for rent in rural areas.

Mr. HACKETT: What proportion of the total amount invested by government in housing has been spent in urban areas as distinct from rural areas?

Mr. HOWE: The direct investments in housing have all been made in urban areas. Government ownership of houses for rent is confined to urban areas, for reasons that I think my hon. friend will understand. The government has built houses in mining and logging areas by arrangement with the mine owners and others, where the industry has guaranteed

the rentals for a period. Ordinarily the government does not build houses for rent in rural areas.

Mr. HACKETT: I took this matter up once with the minister, but we came to the end of the session and I did not get the answers. I understand that a large percentage of amounts invested by government in shelter for the people has gone into urban dwellings, and in consequence into shelter for the industrial population. I was endeavouring to find out from the minister what proportion of our total production is sold abroad, and how much greater it is than before the war. I understood that before the war it was somewhere around 35 per cent, and that it would have to be much greater than that now.

Mr. HOWE: The proportion of our total production is about 35 per cent.

Mr. HACKETT: In the United States it is six per cent or seven per cent.

Mr. HOWE: Something less than ten per cent. My hon. friend will realize that the bulk of our exports is in the form of wheat and wheat products, newsprint, forest products and metals. In other words, the vast bulk of our exports is in raw materials. I doubt whether the bulk of our manufactured goods exported is larger in proportion than similar goods from the United States.

Mr. FULTON: It appears that any further houses which are to be built under the wartime housing project, now administered by the Central Mortgage and Housing Corporation, are to cost the tenants a great deal more in rents than some of the houses built previously. In the city from which I come, a two-bedroom house, without basement, now rents for $22. Under the arrangement which we have just been discussing, they will cost the tenant approximately $25. In the negotiations recently carried on with the Central Mortgage and Housing Corporation, the city has been informed that in the future it will only be possible to construct two-bedroom houses, without basements, owing to the greatly increased costs. In other words a two-bedroom house with basement, or a three-bedroom house, is right out of the picture. Even the two-bedroom house, without basement, on account of the increased cost, will result in a rental of $37.50 a month to Central Mortgage and Housing Corporation. On top of that, the city has to impose an amount for taxes which, let us say, will be another $3 or $4 a month—or does the rental include that?

Mr. HOWE: Yes.

[Mr. Howe.]

Mr. FULTON: The minister says that the rental includes the city's taxation for services. We shall then have houses already built and occupied, with rent and taxes charged, renting at $25 a month, with new houses of exactly the same type at $37.50 a month. It seems to me that this will be regarded by tenants, and with some justification, as unfair. Would it not be possible for the dominion government, under these extraordinary circumstances, to absorb some of the cost of construction, or amortize the collection over a longer period, so that the tenants of the two houses virtually side by side would be paying the same rent, instead of a rent of $12.50 more in one case than in the other for exactly the same house? Could not something be done there?

Mr. HOWE: If my hon. friend had built a house in 1942, the cost would have been a certain figure. If he had built it in 1948, the cost would have been eighty or ninety per cent more. The government is in exactly the same position. The government cannot perform miracles. A reasonable rental for a house built in 1942 would not represent a reasonable rental for a house built in 1948.

Mr. FULTON: Could the minister not amortize it over a longer period?

Mr. HOWE: We are doing that. We are doing everything we can to hold the line. It will be noticed that whereas the cost has gone up eighty or ninety per cent, rents have gone up about only fifty per cent.

Mr. FULTON: Yes.

Mr. HOWE: Which is not too bad. To do that we have had to lengthen the time of amortization, lower the cost of the money, and make several moves which are getting us closer to subsidization than—

Mr. FULTON: Why not go the whole way?

Mr. HOWE: There is a limit to where we want to go. We are holding the costs as best we can. We put a ceiling on the rentals at $37.50, and if we cannot build in a town, cannot build houses which can rent on the new formula—and that includes $70 to $80 a year in taxes to the municipality, which were not included, I may say, in the early houses—if we cannot build houses to rent at that maximum, then we do not build them. We think we must draw the line on what constitutes low-rental housing, and we believe that today $37.50 does represent low-rental housing in most of the cities of Canada.

Mr. FULTON: In view of the fact that this whole matter was discussed when the

minister's bill was before the house, although I am not satisfied with the policy he has indicated I will not deal with it any further. However, I wish to ask about another matter in connection with wartime housing, I refer to those projects where arrangements have been made to sell properties to tenants. I have had complaints which I have raised in the house earlier, one being in connection with one of the projects in Montreal. The complaint was that the tenants were virtually being forced to buy alternative accommodation. I had a similar complaint from Fort William. The answer given by the minister was that nobody was being forced to vacate. While that is technically true, the answer is that the tenant is told, "If you are not prepared to buy this house you are now in, you will have to move into a similar house". Is that the policy?

Mr. HOWE: Yes.

An hon. MEMBER: Move only once.

Mr. FULTON: An hon. gentleman says, "Move only once". There was no assurance of that. Some of the officials, I am told, told the wives—not the husbands—and said, "You might as well buy your house now, because if you don't, you will have to move, and if you are not willing to buy that one you will have to move again. Why not settle the thing and buy now?" I have information with reference to the project in Fort William. I understand that one of the tenants there said —and this was in March or April: "No. My lease says I can rent this house, and I stand on my rights and will continue to rent. I will not buy this one nor will I move to another". He was told, "In that event we terminate your lease and you will be considered as an overholding and illegal tenant." Is the minister aware of that situation?

Mr. HOWE: Oh, yes.

Mr. FULTON: That is the case of a man who is to be evicted. How can you say there will be no evictions under this program to sell houses? The two are not consistent.

Mr. HOWE: The tenants have been enjoying low rent for a number of years.

Mr. FULTON: Under a lease entered into with you.

Mr. HOWE: But not a long-term lease; a lease from month to month. The tenant has no leasehold right whatever, being a month-to-month tenant. In disposing of these properties, it is quite in order to sell the more desirable houses first. The worst that has happened to any tenant is that he has been asked to move into a similar house in a different location. Not only that; the cost of moving is compensated to the tenant to the extent of $15. There is no hardship involved, and there is little complaint from the tenants. My hon. friend is going a long way from home when he takes over the work of the hon. member for Fort William, who has been co-operative in working out this situation.

Mr. FULTON: That is an interesting observation on the part of the minister. At Kamloops, I may say, these houses are not yet being sold. I am glad the minister appreciates the co-operation of the member for Fort William, but I can tell him that when I was in Fort William I was sought out by a group of tenants who brought their complaints to me, and also showed me a little pamphlet put out by Central Mortgage and Housing Corporation last July. The pamphlet contained a series of questions and answers. The first question reads:

> If the present tenant does not wish to purchase the house in which he is living, will he be asked to vacate?

The answer is:

> It is not the intention of Wartime Housing Limited to disturb any tenant at the time houses are offered for sale. However, a tenant is expected to live up to requirements of his rental lease, making payments on or before due date and taking proper care of the property.

That is the only requirement that is laid down. It states that it is not the intention of Wartime Housing Limited to disturb any tenant at the time houses are offered for sale. This means: So long as you continue to make your payments regularly, and to maintain the property, you will not be turned out.

Mr. HOWE: It does not say that at all.

Mr. FULTON: It is not the intention to disturb any tenant at the time of making sale.

Mr. HOWE: It does not say, "at the time of making sale".

Mr. FULTON: At the time houses are offered for sale.

Mr. HOWE: Yes.

Mr. FULTON: That is what is going on.

Mr. HOWE: Sales have been actually made.

Mr. FULTON: Yes, and the tenant, when his house is offered for sale, is required to buy or to move to another one. That involves a great deal of disturbance.

Mr. HOWE: Don't read into it something that it does not say.

Mr. FULTON: I did no such thing. I said that the only meaning that could be taken from these words is exactly what they say: that when these houses are offered for sale it is not intended to disturb any tenant, and the only way of avoiding disturbance of the tenant is not to move him. But you are moving him.

Mr. HOWE: I do not think my hon. friend knows very much about the situation.

Mr. FULTON: Of course I do not hold myself up as an expert, but I think I can understand the plain meaning of words, and the meaning I have ascribed to these words is the meaning they bear.

Mr. HOWE: Let me ask my hon. friend this question. What does it mean when it says the tenant will not be disturbed when the house is offered for sale—that is, when it is advertised for sale?

Mr. FULTON: It means that the tenant will not be required to move.

Mr. HOWE: It is one thing to offer the houses for sale and another thing to close the sale.

Mr. FULTON: Is this intended to fool the tenant?

Mr. DIEFENBAKER: A play on words to fool him.

Mr. FULTON: What is the meaning of the other words, that a tenant is expected to live up to requirements of his rental lease? What is the meaning of those two sentences placed side by side?

Mr. HOWE: Read the other nine clauses and you will get to the one that is pertinent.

Mr. FULTON: I have already read all the other clauses. The second question is: "Who has first opportunity to purchase a house?" and the answer to that question is: "Tenant now occupying the house." Read that in conjunction with No. 1 and you will see that the obvious intention is: If you don't wish to purchase, you will not be disturbed.

Mr. HOWE: You are reading there something that I do not find in print.

Mr. FULTON: It states that it is not intended to disturb any tenant "at the time houses are offered for sale". It does not say at the time his house is being offered for sale, but at the time houses are being offered for sale. But tenants are being disturbed, and the obvious intention is not being carried out. There is a change in policy. Here is a letter from the minister addressed to a tenant of the Montreal project on March 2 in which he himself admits that hardship will be imposed on tenants. He says in part:

. . . we intend to proceed as planned.

That is, with this sale and the moving of tenants.

We realize that circumstances will arise where even alternate accommodation within the same project will impose hardship upon the tenant being asked to move.

It certainly cannot be maintained that the first position held out in this pamphlet is being followed, and that hardship is not being imposed on tenants who are asked to move. I would ask that Central Mortgage and Housing Corporation revert to their plan as put out in this pamphlet, and that the tenant who is unable to buy the house when offered for sale be not required to move.

I conclude by drawing the minister's attention to this. These tenants in many cases have put in special work on their houses. They have made gardens and have had fixtures installed and they do not wish to move to some other place that has not a garden.

Mr. SINCLAIR: Why don't they buy them?

Mr. FULTON: Because they cannot afford to, as the hon. member for Vancouver North knows. Many of these tenants cannot afford to buy at the time houses are offered for sale.

Mr. HOWE: The man is a munitions worker. He moved into one of these houses in 1942 or 1943 because the rent was favourable and we were anxious to get him there. We needed his work in a particular plant. Does he think that the fact that he moved there in 1942 should guarantee him occupancy of the house for life? Is that the thought of my hon. friend? What divine right has he to have greatly preferred rentals for life just because he happened to move into a house in 1942? Why should he not buy?

Mr. FULTON: The minister asks what divine right a tenant has to stay in a house into which he moved during the war. I do not intend to answer that question in the way in which it should be answered, but I will say this without going into a theological argument. The tenants in many cases, as they have themselves told me, were asked to go there. The minister himself has admitted that they were anxious to get these men to go to work in the munitions factories, in the tank building or gun building factories and so on. So they said to them, "If you will come and work in our factories, we will give you low-rental houses". They went in there on those undertakings and they are continuing to work in the same plant.

Mr. HOWE: Very few of them.

Mr. FULTON: The ones I have spoken to. It is peculiar that the minister and I do not seem to see the same people or the same set of circumstances, especially when it comes so close to his own home. But the ones I have spoken to are continuing to work there. They tell me that they have moved there, in some cases from great distances, admittedly partly because an attractive job was offered to them, but also because the government said, "We need you here and we will provide you with accommodation". So, having assessed the need, they perhaps changed markedly their whole course of life. They moved from the prairies to Fort William or to Montreal or from Vancouver to the prairies, or vice versa, with their families. Having sized up the situation they said, "We are going to make this move and stay here". Certainly nothing was told them at the time to indicate that some months or some years later they would be required to buy or to leave the houses in which they were settled. I do not think even the minister, with all the power he has, can confer a divine right on himself or any tenant. But I certainly think the tenants were given the understanding that they would be permitted to enjoy possession of the property so long as they continued to pay their rent promptly.

Mr. SINCLAIR: I should like to say a few words following what the hon. member for Kamloops has just said. I will speak only about my own riding of Vancouver North in which we had one of the first and largest wartime housing projects in order to provide, as the minister has pointed out, cheap available rental accommodation for the men who worked in the shipyards.

Instead of criticizing the ministry at this time—and I think I do my share of that—I wish heartily to commend Wartime Housing for the job they did during the war and for the job they have done since. In my own riding the great bulk of the people were anxious to buy these houses. We had two years of difficulty with a city administration; and in the end it was necessary to change the city administration over this one issue. But, although sales have been going on for only three months, the contractors say the people of North Vancouver have gladly picked up these wartime houses. They want to buy the houses.

I wish to tell the hon. member for Kamloops that it is precisely those people who have done something to their houses—who have built fences, put in nice gardens and electric fixtures—who are the ones who are so anxious to buy. When you see the wartime housing development, you see a fairly good cross-section of human nature. Every house on the North Vancouver property started out the same, and the people moved in. Some took the finest care of their homes and made those little wartime houses as attractive as any in North Vancouver. Other people drawing the same wages on the same job, moved into these houses just as the builders left them; and now five years later the houses are still the same way. Those are the people who—

Mr. FULTON: Those are the people who have an opportunity to buy a better house.

Mr. SINCLAIR: No.

Mr. FULTON: Yes.

Mr. SINCLAIR: The people who are able to buy better houses are already buying houses. The hon. member for Kamloops was talking about divine right. These people think it is their divine right because they worked in the shipyards during the war.

Mr. FULTON: I was not talking about divine right. The minister was.

Mr. SINCLAIR: My hon. friend was talking about a theological argument.

The CHAIRMAN: Order.

Mr. SINCLAIR: I suppose my hon. friend does not know the meaning of the words he is using. He was saying he did not want to get involved in a theological argument. However, these people are the very ones who think that now they should be allowed to continue to get these houses for $25 a month, despite the fact that there are over three hundred married veterans in North Vancouver, men who fought overseas, who are most anxious to get into these houses. I do not know about Fort William or Montreal. I just know about my own riding, and I had a considerable amount to do with the negotiations. The people of North Vancouver as a whole are glad to see that these houses at last are paying their proper share of the tax burden; and the people in the houses are now glad to be, as they themselves describe it, not second-class citizens getting a free ride at the expense of the people of North Vancouver through just paying $25 taxes instead of $100. The same situation applies in the city of Vancouver, as the hon. member for Vancouver South knows. The only criticism I have heard—

Mr. GREEN: They are nearly all veterans there.

Mr. SINCLAIR: That is quite right. North Vancouver was not a veterans project.

But a veteran has been put in every house that has become vacant. Today there are over three hundred overseas veterans with two or more children, who were resident on the north shore before enlistment and who are anxious to get in to buy these houses, and I say they should have that right.

In North Vancouver the only criticism with regard to this plan was that it was not consummated two years ago. Even many of the shipyard workers have complained to me that they have been paying rentals which should have been going toward capital payment for the last two years, because of the failure not of Wartime Housing but of civic administration—the mayor at that time—to consummate the deal. I should like to commend the minister in this matter, and I think they could well afford to build even more of this type of housing for the veterans in the Vancouver area.

Mr. McIVOR: I think I know something about wartime housing in Fort William. The first criticism was that the government was extravagant in building these houses in the first place, that in the first year after the war they would be pulled to pieces, and that this would be the fault of the government. Now these houses are worth more than they were then.

Mr. MacINNIS: Prices have gone up.

Mr. McIVOR: I saw a number of people who came to me wanting an opportunity of buying these houses because of their associations. Some of them made some improvements. But when a young veteran and a young mother live in a home, and a little happy coal oil stove comes into it to light it up, you can see that there is an association in that home that is fine. It was my urgent plea to the minister and Wartime Housing to give to those people who wanted it an opportunity to buy those houses. In Fort William we have people who own houses they moved into as war workers and who never owned a home before; and I have commended several of them for it.

I know some people were not satisfied. They said, when the agent called on them during the daytime, he should not have called then but should have called at night. It was impossible for agents to make all these calls in the evening. I placed all the different arguments and discontents before the minister; and if hon. members want to see a fine bit of literature, with arguments thoroughly answered to the satisfaction of a great many people in Fort William, with the exception perhaps of one or two, I say they should get from the minister's office a copy of that brief. I commend the minister for his generosity and for his outstanding patience with regard to this matter of wartime housing.

Mr. FULTON: I want to answer some of the comments that have been made by the hon. member for Vancouver North, because I am not speaking against the tenant who wishes to buy his home being allowed to do so. I agree that he should be not only permitted but encouraged to buy his own home if he is in a position to do so. My point is that the tenant who is not in a position to buy at the moment or who does not wish to buy the house should not be forced to move because somebody else from some other house in the project wishes to buy the particular house which this tenant is in.

The hon. member for Vancouver North spoke as though all tenants were in a position to buy the houses they are living in and there would be no hardship done. I want to read him an extract from a letter I have received from the tenant of a house in one of these projects which were thrown open for sale; this is from the wife of the tenant. They did not wish to buy, and the agent of the Central Mortgage and Housing Corporation came around to call on them and said they had from somebody else an offer to purchase the house these tenants were in. She went on to say:

> He then went on to tell us that seeing as we are on a corner lot, and have cupboard doors on our cupboards in the kitchen—

Mr. FOURNIER (Hull): I rise to a point of order, Mr. Chairman. I should like to know if the hon. gentleman is ready to read the whole letter and give the name. That is the rule. Extracts from letters should not be read without the names being given.

Mr. DIEFENBAKER: That is not so.

Mr. FULTON: That is not the usual custom.

Mr. FOURNIER (Hull): It is.

Mr. HOWE: You cannot read from a document you are not prepared to table.

Mr. FULTON: It is the custom in this house to read—

Mr. FOURNIER (Hull): Not letters from a private individual; you cannot read extracts from letters.

Mr. FULTON: I am prepared to give the name of the tenant. I am not prepared to read the whole letter.

Mr. FOURNIER (Hull): Why not?

An hon. MEMBER: Put it on the record.

Mr. FULTON: I will give the name, if the minister wants it.

Mr. HOWE: You must table the letter.

Mr. MacINNIS: No; a private letter need not be tabled.

Mr. HOWE: A private letter should not be read in the house.

Mr. MacINNIS: Yes. Let the hon. member proceed.

Mr. HOWE: I will ask that a ruling be given.

Mr. FULTON: I certainly never heard of that suggestion.

Mr. KNOWLES: On a point of order, may I call the attention of the committee to citation 316 in Beauchesne; second edition?

Mr. SINCLAIR: Is that 316?

Mr. KNOWLES: Yes, 316, in Beauchesne, second edition. You have the third edition there.

Mr. SINCLAIR: You know it all. I am more modern than he is; I am up to date.

Mr. KNOWLES: It states:

It has been admitted that a document which has been cited ought to be laid upon the table of the house, if it can be done without injury to the public interest. The same rule, however, cannot be held to apply to private letters or memoranda. On the 18th May, 1865—

Comparatively recent.

—the attorney general, on being asked by Mr. Ferrard if he would lay upon the table a written statement and a letter to which he had referred on a previous day, in assuming a question relative to the Leeds bankruptcy court, replied that he had made a statement to the house upon his own responsibility, and that the documents he had referred to being private, he could not lay them upon the table. Lord Robert Cecil contended that the papers, having been cited, should be produced; but the Speaker declared that this rule applied to public documents only.

Mr. IRVINE: Hear, hear.

Mr. FULTON: The portion of the letter continues:

He then went on to tell us—

Mr. FOURNIER (Hull): Does the hon. member undertake to give the name of the party?

Mr. FULTON: I will do that. It continues:

He then went on to tell us that seeing as we are on a corner lot, and have cupboard doors on our cupboards in the kitchen, and have just put in wiring for an electric stove, that there are lots of people who would be glad to buy our house. He said he would give us ten days to think it over.

It is this letter which contains the statement that if the tenant did not buy at this time, they were likely to be moved until they did buy. Then, the name of the correspondent, if the Minister of Public Works is still interested—and perhaps he is not interested; perhaps he merely made the request as a formality—

Mr. GIBSON (Hamilton West): You are being silly now.

Mr. GREEN: He has forgotten all about it.

Mr. MacINNIS: Proceed.

Mr. HOWE: Give us the name of the tenant.

Mr. FULTON: The Minister of Reconstruction and Supply would like to have it. It is Mrs. Jacqueline C. Hayne of Fort William. The point I make is that the tenant, who is not in a position to buy, and does not wish to buy, is being put in an unfair position by being required either to buy or to move. I most certainly think that the policy should be changed, and that a tenant who is not prepared to buy should not be required to buy or to move.

Mr. HOWE: I will say that the tenant is the most fortunate person in the world, from my hon. friend's statement of the facts. He has the absolute security of a house for life. He can leave it any day, without any obligation whatever. He is on top of the world. Who would buy a house if he could get that kind of terms? He has security forever to live in a house as long as he likes, and pay the same rent. Yet he can walk out of it any day he likes. He came there because of a government requirement to work in a munitions plant. But because of that he has that wonderful privilege for the rest of his life. Does the hon. member really believe that?

Mr. FULTON: The minister is overlooking something. He overlooks the fact that many tenants took possession of their houses before mention was made of the fact that they would later be required to purchase. These are the ones I am speaking of, and they should be allowed to rent them as long as they continue to pay rent promptly. If the minister wishes to give notice that from now on tenants will only be admitted into these houses subject to a condition that they must buy or vacate on receiving a notice requiring it, that is a different matter. But these tenants took the house before any such policy was in effect. I believe it is an injustice to change the policy and require them to buy.

Mr. HOWE: Does the hon. member realize that when these people moved they were informed that they were moving into houses

which were required to be dismantled and removed within one year, I believe it was, after the end of the war.

Mr. SINCLAIR: Six months.

Mr. HOWE: Six months. That was the term under which they moved into the houses.

Mr. GREEN: The minister has overlooked one point. Does he think it is fair that the tenant of another wartime house should be allowed to come along and push out a person who does not wish to purchase? Apparently that is the complaint, that this particular tenant was in the house and some other tenant was permitted to come along and push out the tenant who did not wish to buy. Does the minister think that was fair?

Mr. HOWE: The first man has already had an opportunity to buy. The second man does not come as a tenant; he comes as a purchaser. He lived in the project, and he is anxious to buy a house. The other man does not wish to buy a house. He does not want to tie any strings to the property at all. He came there on a temporary basis, a month-to-month basis. He came there, believing the houses would be removed from the property and dismantled six months after the war ended. Nevertheless my hon. friend says that three or four years after the war ends he is entitled to security against all comers. Because another tenant wishes to buy the house, my hon. friend says he should be permitted to stay there. It seems to me that is absolutely absurd. You are setting up a class of tenant which does not exist in any other part of Canada. The tenant owns nothing beyond his lease.

Mr. GREEN: I suggest that it would be fairer to have the person who is going to buy a home buy one in which he lives and not be permitted to walk down the street, pick out the finest home in the block, and then force out the person who was in it, simply because the second person does not wish to buy. I think that is the unfair feature of it.

Mr. HOWE: That is the great gift the man has. He is tenant in the home; he does not want to buy. But he has some inherent right to stay in the house under any condition—what is the situation there? How does that work?

Mr. FULTON: At the present time no other proprietor can give notice to quit, except the government. That is one example—not as long as he pays rent regularly.

Mr. HOWE: Yes, but like any other house built after 1940, no rental restrictions apply at present.

[Mr. Howe.]

Mr. MacINNIS: I do not wish to prolong this discussion. I have had some considerable correspondence in regard to these houses, some of which are in North Vancouver, and I know something about what was discussed earlier in the house, where rents have been increased.

Mr. HOWE: May I correct the hon. member. No rent has been increased.

Mr. MacINNIS: I understand; that was a technical term. But it is increased so far as the tenant is concerned. He is paying more than he was paying before.

Mr. SINCLAIR: He is paying his taxes now.

Mr. MacINNIS: Yes, and I think if the increased price he is asked to pay is not more than the ordinary taxes, it is justified. I do not see why some taxpayers should support other taxpayers by low taxation. But what I was going to say was that the question is somewhat confused. I was never satisfied that Wartime Housing, which has the administration of these projects, was not dealing justly. At least I do not feel constrained to criticize. Before I do that, I should like to understand the situation better, because with so many other things to attend to I have not had time to get around to this.

I do not think there is much point in what has been said that a person should not be compelled to vacate if a buyer of the property is available. If the government are to be in the housing business, and I agree that they should be in that business under present circumstances, then they should be in it on a proper business basis and on no other. I asked some questions with regard to wartime housing in North Vancouver which were answered on May 10. I should like to read the last question as well as the answer which was given by the parliamentary assistant. The question reads:

> If the present tenants do not purchase, will they be compelled to vacate?

And the answer was as follows:

> Tenants who do not wish to purchase may be asked to move to suitable alternative accommodation. If a tenant is moved to a smaller house than he now occupies, it must be suitable to house his family without overcrowding. A tenant will not be required to move more than once and a veteran will not be moved to accommodate a non-veteran. Furthermore, tenants who are required to move will be compensated for moving expenses by a grant up to but not in excess of $15.

It seems to me that that is not too bad. Perhaps ordinary business people, particularly when the controls are removed as my hon. friends want to have them removed, would

not deal as fairly as that with tenants. I am not speaking now to protect or in support of Wartime Housing, but I want to say I cannot find anything to get particularly heated about.

Mr. FERGUSON: I do not know whether the government run wartime housing any differently in one part of Canada from what they do in another, but I do know how they run it in my own community. At my request the government erected 100 houses and we were delighted to get them. The city council, which at that time was typical of most city councils, said that fifty houses would be plenty. When I asked why they had written that letter they did not know. The government built another fifty and they are now building another seventy. I wish they would come back tomorrow and build another 100.

We have eighty applications for wartime houses. Let us be reasonable about this. They can be purchased on terms that the average workman can afford. They are asked to pay ten per cent down, and I am all for any man in Collingwood who wants to buy a home. If he is too lazy to buy one, he should be thrown out. This is just nonsense. There are some tenants who have deteriorated their houses, but, thank goodness, the majority of the people have improved the houses for their own benefit.

If a man does not want to buy the house; if he does not want to pay fair taxes along with other citizens, he should be put out. We want people to buy their homes in our section of Canada. I hope that these men will buy all these houses, and I hope that the government will put up another 100, so that they can be purchased at the reasonable figure at which they are available today.

Mr. GIBSON (Comox-Alberni): How many houses have been built by lumbering, mining and fishing companies under the amendment passed last year?

Mr. HOWE: I think I can get that information a little later.

Mr. GIBSON (Comox-Alberni): Have the minister and his officials given any consideration to altering the specifications for these houses? Wartime houses must be built to certain definite specifications which are not always suited for houses built out of town. I know one concern that took up with the minister's department the borrowing of $175,000; but, after considering all the features and factors involved, such as having to meet the specifications, they decided it would be infinitely cheaper not to borrow the money from the government.

One company has found that for about $1,000 it can get a roof over a family's head. Working as they do only forty hours in the week, these men are left with a good deal of time during which to improve their houses. Apparently there is at the present time no provision in the legislation to permit people to fix up homes in that way for themselves. Actually Central Mortgage will not approve anything that costs less than about $4,000, whereas many homes out of town could be built for something around $2,000 if the specifications were not so rigid.

The minister and his officials should give serious consideration to permitting more flexibility in this connection. After all, the only security the government has for its money in a case of that kind is the integrity and business ability of the concern building the houses. I think the business concern would be the best judge as to what would be adequate housing for its employees. You will find that progressive employers in this country do not want sub-standard homes for their employees. The present specifications almost double the cost of these houses.

Mr. POULIOT: I subscribe fully to what the hon. member for Comox-Alberni has said. I should like to ask a favour of the minister. Will he send the hon. member for Simcoe-North over to England and have him make the same speech he just made to the British social government and the coal miners who are producing only a limited amount of coal?

Mr. GREEN: Can the minister say when an agreement will be reached concerning the houses in Vancouver, so that the tenants can enter into purchase agreements?

Mr. HOWE: I am told by the vice-president of Central Mortgage and Housing Corporation that agreement was reached within the last few days. I may say to the hon. member for Comox-Alberni that the government feels that it must maintain certain minimum standards. It is all very well to build houses which may be satisfactory to the people living in them, but government housing must be kept up to a minimum standard. I quite agree that lumber companies can do better by borrowing money in other ways, but I do not think that is any reason for making a change.

Mr. POULIOT: What about the $475 house of the hon. member for Renfrew North?

Item agreed to.

414. Cost of moving houses from one locality to another to meet emergency shelter requirements, $500,000.

Mr. HACKETT: What type of emergency could arise to make necessary the moving of houses from one locality to another? I thought that was incidental only to the necessities of war when production simply had to go on and houses were moved to replace tents. With all good will, I suggest that this is a type of item which might with benefit disappear.

Mr. HOWE: In some places we have overbuilt. A case in point is the town of Pictou, where we had a large shipyard during the war. The shipyard has gone, and we have vacant houses there. On the other hand, there is a shortage of houses in the nearby town of Stellarton. This item would cover the cost of moving the vacant houses in Pictou to Stellarton, where they will be occupied.

Mr. HACKETT: I can see that, but this item rests upon emergency, and the minister knows that the pretext of emergency does not arouse a great deal of enthusiasm in me. I can understand the transfer but I do not like it being made dependent upon an emergency.

Mr. HOWE: My explanation was not very good. The emergency refers to removing air force or similar buildings from their present location into the town for emergency shelter purposes.

Item agreed to.

415. Incentive bonus to industry to expedite the production of strategic building materials, $370,000.

Mr. HACKETT: What is the incentive bonus to industry, and just what does it all amount to?

Mr. HOWE: There are only two cases covered by this item. We were very short of plumbing fixtures, and we made an agreement with the Port Hope Sanitary Manufacturing Company Limited for an incentive bonus payable on increased production of enameled sanitary ware. The contract runs to December 31, 1948, during which period it is anticipated that increased production will amount to 8,100,000 pounds at two cents a pound, which means a subsidy of $162,000. That was to induce Crane Limited to build an addition to their plant.

Mr. HACKETT: Were they given any write-off in connection with that plant?

Mr. HOWE: No, a straight subsidy. We were also short of cast iron soil pipe. We entered into an arrangement with Anthes-Imperial Limited for an incentive bonus payable on increased production of cast iron soil pipe. The contract runs to December 31, 1948, during which period it is anticipated that increased production will amount to 9,900,000 pounds at two cents a pound, or a subsidy of $198,000; and ten per cent was added in this appropriation for contingencies to cover overproduction. That accounts for the total vote of $370,000.

Mr. GIBSON (Comox-Alberni): Are these plants working twenty-four hours a day?

Mr. HOWE: I would imagine so, but I am not sure.

Mr. IRVINE: I was of the opinion that private enterprise had sufficient initiative in itself without the government's having to bonus it, but apparently private enterprise has not enough initiative, since this industry finds it necessary to receive something from the federal treasury in order to carry on. I suggest that the prices for these commodities are already high enough to stimulate the initiative of any industry, and it would be much more to the point if subsidies were paid to the consumer rather than to the producer, if subsidies are to be paid at all.

Mr. FAIR: Is any subsidy being paid on the production of nails?

Mr. HOWE: No.

Mr. FAIR: Is there any ceiling now on the price of nails?

Mr. HOWE: No.

Mr. FAIR: I have information that in western Canada quite high prices are being quoted by manufacturers of nails in Ontario. My information is that the wholesale price of two-and-a-half inch common nails in Calgary is $8.30 per 100 pounds, which includes the tax, and I have here a rush telegram from a Toronto firm quoting two-and-a-half to four inch common nails at $12.25 per 100 pounds.

Mr. HOWE: Will my hon. friend give me the name of the company?

Mr. FAIR: Interstate Sales.

Mr. HOWE: That is an outfit which was importing nails from the United States and offering them in western Canada.

Mr. FAIR: Cannot you stop these high prices?

Mr. HOWE: If people want to import nails from the United States, where the cost of nails is very much higher than in Canada, if people are so desperate for nails that they are willing to pay these prices, I do not know that there is anything we should do about it.

Mr. FAIR: What about the dollar shortage? Do these imported nails not have to be paid for in United States dollars?

Mr. HOWE: Certainly.

Item agreed to.

416. To provide for production and transportation subsidies on steel and iron under such terms and conditions as may be approved by the governor in council, $5,000,000.

Mr. GILLIS: Last evening I discussed at some length the increase in the price of steel, and the minister advised me that he did not have the officials concerned before him. I wanted to know the reason for the recent increase in the price of steel. I said I thought it could not be justified. I should like to hear an explanation from the minister. I do not like to get the information through the press all the time; I think we should get it here.

Mr. HOWE: For something like two years we held steel at the former price. In the meantime there were two increases in wages for all steel employees, amounting roughly to twenty-five cents an hour.

Mr. GILLIS: The two increases were six and 11½ cents, or 17½ cents altogether.

Mr. HOWE: That probably is right. Then there was a freight increase of 21 per cent. Transportation costs have been rising steadily. The cost of coal went up about $2 a ton. Scrap iron went up considerably; and it became necessary for the mills to rely on foreign scrap, costing around twice the price of domestic scrap. It was a combination of all these increases that had to be met. We met it for a while through subsidies, but the pressure got so heavy we could not carry on. Therefore, after studying the entire industry, we decided that price increases were necessary. We believe that the profits for 1948 will certainly be no higher, and probably lower, than for 1947 and earlier years. To keep the steel industry operating, we were convinced that price increases were necessary.

Mr. GILLIS: I am not going to argue the matter with the minister; it has already been done. But I did say last night I thought it was short-sighted, and I put the figures on the record. If the minister will check them he will see that they show, based on the production of steel last year and the profits made in 1946 and 1947, that the increase which has been permitted at this time will just about double the profits of the companies. In the light of present price conditions in Canada, that increase in one of our basic commodities was not warranted because of the companies' positions. It was something that should not have been permitted at this time. However, it has been done, and I am afraid that when the increase begins to hit farm machinery and all the things it will affect in our whole economy, we shall find that we have done something we shall not be able to control very easily. Another thing, it has created a feeling in the minds of those who actually work in the steel plants that they were ignored. Hon. members will remember the difficulties we had in 1946 in getting them straightened out on a wage agreement. It will be remembered that in 1948 the workers took a very slight increase. I know that all throughout the steel workers union, from top to bottom, the objective was to stabilize the industry. There has been quite an increase in the production of steel. Last night I referred to an article in the *Financial Post*.

Mr. HOWE: The production of steel is not as high as it was in wartime.

Mr. GILLIS: Maybe not.

Mr. HOWE: Two furnaces had been down for a while. They are producing more steel at the moment than they were when the two furnaces were down.

Mr. GILLIS: That is right. This is a short sketch which appears on the front page of the last issue of the *Financial Post*. It reads as follows:

> Dosco breaks eleven output records
>
> Open hearth operations at the steel plants of Dominion Steel and Coal Corporation at Sydney, N.S. showed a monthly ingot production mark of 53,774 tons in May. The previous high was 51,802 in May, 1940.

That is higher than the war years. I continue:

> Three blast furnaces shattered a six-year record by producing 40,379 tons, edging the previous mark of 39,866. Eleven production records were broken during May, P. J. Power, industrial relations superintendent announces.

Mr. HOWE: The press agent has, of course, his own way of figuring these things. If my hon. friend will get the production records of that plant for 1944 he will find that they are not breaking any records in that plant. They were manufacturing much more steel in 1944 than they are today.

Mr. GILLIS: I do not know. This gentleman says that the high was in 1940, and the record for May, 1948, was higher than it was in 1940. If that is so, if production is on the up-grade, it, in effect, would to a large extent offset even the wage increases that were granted.

Mr. HOWE: The year 1940 was the first year of the war. The plant was then on a peacetime basis.

Mr. GILLIS: That is right. I wanted to put that article on the record for the benefit of the hon. member for Calgary West, and to tell the minister that I am completely unsatisfied with his answer. Perhaps it is the best answer he can give at the present time. On sober reflection and further checking, perhaps he may find out the answer and go back to his subsidy arrangement, because the saving of $2,500,000 in subsidy and then dumping the load on the back of the consumers of this country will add about $9,000,000 more to the cost of the goods that the consumers have to purchase. That is the wrong way of facing up to the present situation.

Mr. HOWE: It does take $2,500,000 off the backs of the taxpayers.

Mr. GILLIS: But in the final analysis $7,000,000 is being added to the price of the goods the consumers have to purchase. In the light of the vast budget surplus, there is no justification for having taken off the subsidy. It has created an upward trend in prices, and it has a great influence on increased prices.

I want to say this for the benefit of the hon. member for Calgary West, who last evening suggested that wage increases inevitably increased costs. That is not so. That has been proven in this house. We put the actual figures of the steel plant at Sault Ste. Marie on the record. These figures showed that, despite the fact that wages were increased by 25 per cent, because of increased production during the same period the increased wage cost was completely offset. As a matter of fact, despite the wage increase, costs were actually lowered.

Last evening the hon. member for Calgary West made the observation that in my own union, the miners' union of Nova Scotia, the answer was increased production to offset the increased wage cost. I told him at that time that it was absolutely incorrect. He said production had increased. It has slightly increased, but not for the reasons he gave. The wage increases that were granted in the mines of Nova Scotia during the war—I think it applies also to the steel plants—did not come out of the pockets of the corporation. It was handed back in the price increase to the consumers of coal. The man on the street paid the bill. If hon. members will check up they will find that every time a wage increase was granted to the coal miners the companies improved their own financial position. They really made money out of it.

Production was down during the war years. Why was it down? I do not think anyone knows the reason better than the minister does. The government was Santa Claus during the war. Under the circumstances they had to be. Huge sums of money were poured in. In fact, these mines were operating on a cost-plus basis. The greater the loss, the more money the companies made. That is quite true. Their losses were made up, plus a certain percentage of profit. The higher the losses the higher the profit.

Mr. FERGUSON: May I ask one question?

Mr. GILLIS: No. Wait until I am through and I shall answer all the questions the hon. member wishes to ask. The minister knows that what I am saying is correct. In the coal mines there grew up the system of an overloading of datal men. The result was that the younger men, who should have been mining coal, had gone to the war. We had to bring some of them back. A large percentage of the older men and the younger men who did not understand mining were in the coal pits. A bad situation developed from the standpoint of management. When the war finished, production per man-day was down. There was no doubt about that. How did they increase it? They are not producing much more coal; but they can show a man-day production increase, because in 1946 when the strike took place 1,500 of the older men were laid off the datal force. They were taken out of the industry, which affected the man-day production. Younger men were put on the face. The datal force was cut drastically. It did not take very many more tons of coal to increase the man-day production. That is what happened in stepping up the production per man-day in the mines of Nova Scotia. The older men were relegated to the streets.

I shall have something to say on that when the estimates of the coal board are up for discussion. I am wasting time now, but I did think I had to say that for the benefit of the hon. member for Calgary West, who last evening attempted to say that wages are the reason for the inflated prices today. If he will check the balance sheets of the corporations of this country today as against 1945 he will find that huge profits are responsible for the inflationary spiral which we have today, and the wage cost in the picture is so slight that it is hardy noticeable

Mr. FERGUSON: My hon. friend is apparently trying to imply that an increase in wages does not increase costs in any way, shape or form. The hon. member for Calgary West made a statement which was quite correct and I may say I am repeating his exact words.

Mr. GILLIS: Is the hon. member asking a question or making a speech? He said a moment ago that he wanted to ask a question.

Mr. FERGUSON: The hon member will recognize it when I am through, I hope.

Mr. IRVINE: No, he will not.

Mr. FERGUSON: The hon. member for Calgary West made the positive statement that one ingredient in any commodity, namely wages, will increase the cost, but I am sure he did not say that this was the entire reason for the increase in the final price of the commodity. Undoubtedly wages are as much a factor in the cost of the commodity which is produced as the materials that enter into it. There is no doubt about that.

The question I wish to ask is this. Was the hon. member for Cape Breton South trying to imply that for one moment any corporation in Canada during the war would deliberately curtail production in order to make more money through such curtailment on a cost-plus basis? Would he say that any corporation was guilty of that? If so, would he care to prove it.

Mr. GILLIS: As regards the first part of the question, what I said to the hon. member for Calgary West last night, and if it went over my hon. friend's head that is not my responsibility—

Mr. FERGUSON: Some things go over my head, but that certainly did not.

Mr. GILLIS: I said a wage increase did not necessarily mean a cost increase, because it could be offset by an increase in production. That is No. 1.

Mr. FERGUSON: It still creates a cost increase. The cost is still increased by the wage increase.

Mr. GILLIS: There is no need to argue that further with the hon. member, because I do not expect agreement.

Mr. FERGUSON: I am glad you agree with me.

Mr. GILLIS: I do not agree with the hon. member, but I am wasting my time by arguing with someone who does not understand the question at issue.

As to the second part of the question, and I am glad I am taking the heat off the minister for a while, I understand it to be this. Did I think there was any corporation in this country who would deliberately slow up production because they had cost-plus contracts during the war years? I will say, I think the minister and the officials of his department who had to do with pay and subsidies, and checking them, will agree with me when I say that perhaps 80 per cent of the cost-plus contracts let during the war operated on that basis. Let me go further.

Mr. FERGUSON: I cannot listen to any more of that stuff.

Mr. FULTON: Is there any estimate of the amount of increased costs to the construction industry which the increase in the price of steel will cause in, say, one year?

Mr. HOWE: What industry?

Mr. FULTON: Is there any estimate of the amount of the increase in cost which this increase in the price of steel will give rise to in one year? On the average consumption of steel in Canada, what will be the annual amount of the increased price?

Mr. HOWE: It is an average of about $7 a ton on steel. Anyone using steel will find the cost increased by about $7 a ton on the quantity he uses.

Mr. FULTON: What is the average consumption of steel in Canada?

Mr. HOWE: The consumption is about 4,000,000 tons but Canadian production is about 3,000,000 tons.

Mr. FULTON: Approximately $20,000,000 would be a reasonable estimate?

Mr. HOWE: I was talking about ingot tons, and the hon. member is interested in finished tons. It would be about 2,500,000 tons, or about $17,500,000.

Mr. MACDONNELL (Muskoka-Ontario): While it was not my question, I think we had better get an answer to the question which the hon. member for Cape Breton South was answering when he stopped in the middle—

Mr. GILLIS: My questioner left.

Mr. MACDONNELL (Muskoka-Ontario): —because he left an impression which I hope he did not intend to leave. The question asked him was whether he was suggesting that, during the war, corporations actually slowed down production, there being an innuendo that they might thereby, on the cost-plus basis, get more profits. I should like to have that answered.

Mr. GILLIS: Does the hon. member wish to have me answer it?

Mr. MACDONNELL (Muskoka-Ontario): Yes.

Mr. GILLIS: I have already answered it.

Mr. DIEFENBAKER: I think the minister of reconstruction had better answer that question because, if that is true, it is one of

the most serious imputations that can be made against the activities of industry in Canada during the days of the war. The statement suggests that—

Mr. HOWE: If my hon. friend wants to know whether cost-plus work is as efficient as lump-sum work, it is not. You get cases—my hon. friend knows of one and I know of some—where management practically abdicates and permits inefficiency to take charge. He speaks of the disproportion of datal workers to face workers. That would not have happened had it not been for subsidies. You get cases like that, but when he says that 80 per cent of industry followed that practice I would say that perhaps five per cent did and ninety-five per cent did the best they could.

Mr. GILLIS: I said cost-plus contracts; I did not say industry.

Mr. DIEFENBAKER: It is such statements that, unchallenged, do more harm to the profit system in this country than anything else, and I think the time has come to answer suggestions such as that. I have a high regard for my hon. friend, but I do not believe that industry in this country in the days of the war—I am not going to deal at the moment with the days of peace—to the extent of eighty per cent, ever tried to take advantage of the state in the midst of war. If that statement remains unchallenged it casts on Canadian businessmen a reflection which I think is entirely unwarranted, having regard to the contribution that private enterprise countries made in their respective war efforts.

Mr. HOWE: It shows the danger of generalizations. The ordinary citizen has intentions that are probably ninety-five per cent good, five per cent being not so good, and I suppose it is the same with business. It is a challenge to industry in the case where there is no subsidy. Production is then stimulated by competition. Industry must be efficient to survive. The moment you introduce subsidies into the picture, or cost plus, you introduce a factor that tends to take away the incentive. Ninety-five per cent of business does the best it can under the circumstances and five per cent is inclined to coast. That is my estimate of the situation. It is unwise for the hon. member for Cape Breton South to generalize on the basis of one industrial unit he knows about, and it is just as dangerous for the hon. member for Lake Centre, who knows a great many firms who are doing a good job, to generalize on the strength of that knowledge.

[Mr. Diefenbaker.]

Mr. GILLIS: In answer to the indignant statement of the hon. member for Lake Centre—

Mr. DIEFENBAKER: I do not think we are all dishonest, as my hon. friends to the left suggest.

Mr. GILLIS: I will not generalize, but my hon. friend the member for Lake Centre will remember this. A statute was passed early in 1939 limiting profits to five per cent on all war contracts and when this house met in September, 1939, the present minister was questioned as to why that profit limitation in war contracts was removed by order in council. His answer at that time, as I remember it, and I am speaking from memory, was to this effect, that for months he had tried to let war contracts for industry but he could find no one to accept a war contract until such time as that profit limitation was removed. That is when Britain had her back to the wall, and that does not suggest that patriotism took precedence over profits even in the dark days of 1940.

I said a moment ago I was speaking from memory. The statement will be found in *Hansard* of September 12, 1939, at page 179:

> The provision of 5 per cent was put in the last act after a good deal of consideration as a minimum return for the service rendered, but it was one which men of considerable experience believed to be unworkable. I can say to my hon. friend that from that day to this the defence purchasing board has done its very best to place contracts on that basis and has used every pressure that could be brought to bear in the form of patriotism and so on, but to date it has not succeeded in placing a single contract on that basis.

Mr. HACKETT: What is the date of that?

Mr. GILLIS: September 12, 1939.

Mr. HOWE: My hon. friend describes that as though the limitation—

Mr. HACKETT: Three days after the war began.

Mr. HOWE: —were five per cent on cost. It was not five per cent on cost. It was five per cent on the money invested in the productive equipment. It was worded—

Mr. HACKETT: September 12, 1939, was three or four days after the war began. Therefore no contracts had been let as yet.

Mr. HOWE: I know. But it described events in the period of some seven or eight months between the passage of the legislation and the date when I was speaking. The actual profits in the munitions works were nearer two per cent. I think the average

profits throughout the war averaged about two per cent. But that two per cent profit is two per cent on the value of the product. The five per cent that my hon. friend was talking about had nothing to do with the value of the product. It had to do with the capital invested, which is quite different and quite unworkable. It was devised by our friends in the east block without a great deal of knowledge of the productive problems.

Mr. DIEFENBAKER: That is a good admission.

Mr. HACKETT: I should just like to get this fact on the record. The hon. member for Cape Breton South stated, if I understood him correctly, that eighty per cent of the cost-plus contracts during the war were dealt with dishonestly.

Mr. GILLIS: No. I refuse, Mr. Chairman, to allow the hon. member to put words into my mouth. I said that if the hon. member who was questioning me at that time would question the minister and his officials, they would likely inform him that eighty per cent of the contracts operated on a cost-plus basis during the war militated against the best interests of this country from the standpoint of spending money. I did not say anything about dishonesty, and I do not intend to let the hon. member put words into my mouth. My hon. friends over here to my right can become as indignant as they like. That statement of mine still stands. If any of them have any evidence to the contrary, let them put it on the record here.

Mr. LENNARD: Have you any evidence to that effect?

Mr. GILLIS: I am reasonably sure. I tell my hon. friends to talk with their own members on the war expenditures committee. I say to them to go and talk to some of those who were probing those cost-plus contracts. I have had members of their group show me evidence which they wanted me to use, but which I thought was too rotten to use. I am quite willing to face facts and be honest about these things. But when the hon. member for Stanstead gets up in this house and tries to put words into my mouth, that is something I will not stand for. My statement is on the record that these contracts militated against the best interests of this country from the financial standpoint; and all the evidence given to the war expenditures committee will bear that out. Profits were placed above patriotism when this world was in a bad state, on the removal of that five per cent profit limitation. That is my interpretation of it.

Mr. HACKETT: I was interrupted by the hon. member for Cape Breton South. We will take his restatement.

Mr. GILLIS: It is not a restatement at all. That is the first statement.

The CHAIRMAN: Order.

Mr. HACKETT: We will take the last statement of the hon. member for Cape Breton South as being the statement by which he wishes to stand. The allegation is that eighty per cent of the cost-plus contracts were carried out in a way that was prejudicial to the interests of Canada. Then, in support of his charge he reads a statement that was made to the house on some day early in September.

Mr. GILLIS: September 12, 1939.

Mr. HACKETT: Yes. War was declared on September 10, 1939. The hon. member for Cape Breton South is relying upon a statement that was made in the house two days after war was declared as proof that eighty per cent of the cost-plus contracts were carried out in a way that was prejudicial to the interests of Canada.

Mr. GILLIS: That is plain nonsense.

Mr. HACKETT: Those are the facts.

Mr. GILLIS: No.

Mr. HACKETT: I merely wish that they appear in sequence in the record.

Mr. GILLIS: That is just plain nonsense.

Mr. IRVINE: I think the facts are that there were not in Canada any big interests or any capitalists in 1939 who were more than five per cent patriotic; that is to say, they said they could make five per cent on their capital, but that was not enough for them. They were not patriotic enough to accept that.

Some hon. MEMBERS: Oh, oh.

Mr. IRVINE: That is the story the minister himself has acknowledged.

Mr. HOWE: There is no occasion for my hon. friend to make twisting speeches. I said nothing of the kind.

Mr. IRVINE: What did you say?

Mr. HOWE: I said that the basis or the provision of the act was not workable. The provision was for a maximum return of five per cent on the capital involved in the particular operation. In the first place, it was exceedingly difficult to allocate the capital involved in the particular operation. In the second place, no one dared to take a contract because the terms were so vague as to the limitation.

Mr. IRVINE: I do not think I have twisted it.

Mr. HOWE: People use the five per cent limitation quite loosely. It needs to be carefully defined.

Mr. IRVINE: While I am on my feet, I also wish to say that I should like the minister to be a little bit more consistent. With respect to subsidies he has just said that as soon as you introduce a subsidy you discourage incentive. I assume that is true. But in the very item before this he has given $370,000 as an incentive bonus to industry. If subsidies are to be taken as destroying incentive, why should the people of Canada pay taxes to destroy incentive, as evidently it would do?

Mr. FERGUSON: Here, Mr. Chairman, is a member of a party which, long after the war had started, advocated not sending any troops to help dear old Britain with her back to the wall; they said to keep the men in Canada to defend the world—keep them right here; make Canada the battlefield. That is what they advocated during the war. Now they are trying to create class hatred more than ever by saying of a man who allowed his factory to be used on a common-sense, reasonable basis for the purpose of making munitions of war that he gouged the public, and that, unless he was paid blood money, he would not have put forth any effort on behalf of the war.

Mr. GILLIS: That is correct.

Mr. FERGUSON: That is what is being expounded here today by the group which, on the whole, advocated keeping their sons right in this country and not fighting for the British empire. I say, shame on you.

Mr. POULIOT: May I ask the hon. member for Simcoe North if his speech was prepared by the hon. member for Vancouver East?

Mr. FERGUSON: I have never been fortunate enough to have anyone prepare my speeches for me.

Mr. MacINNIS: I think we might leave it at this, that if Canada got good value for the money spent during the war, in connection with war production, we got it because we had good inspection. I have had something to do with contracts, in a small way, in the city of Vancouver, and I was told that the value we got from the contractors in any contract work that was let was just as good as the inspection, and no better. If the inspection was poor, the value received was poor. If the inspection was good, the value received was good. And if we will throw our minds back to the first world war we will remember that paper-soled shoes were sold to the troops; we will remember that bacon was filled with brine and fed to the troops; we will remember that beef was embalmed and fed to the troops. I do not suppose we have improved morally very much from 1914-18 to 1939-45.

Mr. GIBSON (Comox-Alberni): I think it is very unfortunate that if, as has been suggested here, there are five per cent of business concerns whose morals are not 100 per cent perfect, their lapses of moral turpitude should always be quoted by the C.C.F. That does not prove anything so far as the free enterprise system is concerned. I am confident if I had to depend upon hon. members opposite to produce very much, either in war or in peace, we would not have much wealth in this country at any time.

Mr. MACDONNELL (Muskoka-Ontario): I just wish to add a word. There are times in this house when I am impressed by the sincerity, and sometimes even by the logic, of those to my left. But when they get down to smearing—

Mr. GILLIS: Who started it?

Mr. MACDONNELL (Muskoka-Ontario): You did. When they get down to this smearing of business, and trying to create the impression that except in the rarest of cases, which we all despise, there is any concerted attempt on the part of business to deal unfairly, I resent it. The hon. member for Vancouver East, under the guise of dealing fairly with the matter, said the goods received were only as good as the inspection.

Mr. MacINNIS: I do not care whether you resent it or not; it is the truth.

Mr. MACDONNELL (Muskoka-Ontario): I think it is unfair, and I think that kind of smear campaign will get them nowhere.

Mr. McCULLOUGH (Assiniboia): The reason the minister indicated for the increased cost of steel and iron products was the increase in the cost of scrap metal. Can the minister tell the committee what amount, if any, has been exported to other countries in the last five years, and to what countries such exports were made?

Mr. HOWE: There has been a prohibition against the export of steel scrap, except for an occasional swap. I think a little steel was exchanged on the Pacific coast. Canadian scrap delivered to Seattle against Buffalo scrap moving to Hamilton, the reason being to save

freight charges. But, other than that, on balance Canada has been an importer of scrap and has not permitted exports.

Item agreed to.

417. Administration, reconversion and operation of Canadian Arsenals Limited, $2,900,000.

Mr. GREEN: How much did we spend under this item in 1947-48?

Mr. HOWE: This represents the difference between the cost of administering all government arsenals, which is $4,400,000, and the estimated earnings of about $1,500,000.

Mr. LENNARD: What would be the amount allocated to reconversion?

Mr. HOWE: I think the reconversion work at the arsenals is pretty well finished.

Mr. LENNARD: My point is that there would always be more or less of an amount for conversion. It would always be changing to a certain extent.

Mr. HOWE: Yes.

Mr. LENNARD: I was wondering why this was put in. I should think it would be more accurate to say that this amount was for administration and operation. Would there not always be conversion going on in connection with the making of munitions?

Mr. HOWE: Perhaps so. The hon. member will understand that when the war ended we allocated certain war plants as arsenals. I believe we have seven or eight arsenal plants. We moved into those plants machinery from others sufficient to make it possible for the arsenals to make anything made during the war. There was a good deal of expense attached to that operation. Some of this money may be used for that purpose. In any event, it is the total expenditure estimated to maintain the arsenals, less earnings.

Mr. GREEN: Is the production entirely for government use, or are sales made to the public?

Mr. HOWE: We make sales as we can. The countries to whom we can make sales are rather limited. However, we have made sales occasionally from the aresnals.

Mr. GREEN: What amounts are required to maintain the other crown companies? I have in mind the Eldorado Mining and Refining Company and the Polymer Corporation.

Mr. HOWE: Eldorado Mining and Refining is healthy. Operating profits for the twelve months ended March 31, 1948, amounted to $1,087,318.97.

Mr. GREEN: What about Polymer?

Mr. HOWE: Polymer made its depreciation, plus about $25,000.

Mr. HACKETT: How many crown companies have been brought into existence since the war? The minister told us last night that all but five had ceased to do business; but there have been some new ones since.

Mr. HOWE: The Canadian Commercial Corporation was brought into being to take over the purchasing functions of the Department of Munitions and Supply. The Export Credits Insurance Corporation, which was incorporated by act of parliament a year or two ago, is another one. They are the only two I can remember.

Mr. HACKETT: Were there any others?

Mr. CRUICKSHANK: Would the minister inform me—

Mr. HACKETT: I was in the middle of a question.

Mr. CRUICKSHANK: Would the minister inform me under whose advice the arsenal was constructed at Kamloops, where it is subject to flooding?

Mr. FULTON: What arsenal are you talking about?

Mr. CRUICKSHANK: Munitions stored in that area.

Mr. FULTON: That is different from an arsenal.

Mr. CRUICKSHANK: All right; munitions storage depot. On whose advice was it constructed and who is in charge? What military command advised the construction at that spot?

Mr. HOWE: Obviously the hon. member must ask that question of the Minister of National Defence. I am not aware of the details. All I know is that the Department of National Defence chose the location and ordered the construction there.

Mr. CRUICKSHANK: That answer partly satisfies me.

Mr. HOWE: It is not an arsenal. It is a storage dump belonging to the armed forces.

Mr. CRUICKSHANK: Yes, but obviously it was constructed on somebody's advice. I should like to know, through you, who advised its construction in its present location.

Mr. HOWE: The Minister of National Defence will be in the house next week and

will be prepared to answer all questions. I suggest that the hon. member ask him that question.

Mr. HACKETT: Are there any other crown corporations apart from the two which are under the administration of the minister?

Mr. HOWE: There are statutory crown companies; I suppose you could call the Canadian National Railways a crown company. We had some thirty crown companies during the war, but today only four are left. By crown company I mean a company operating under the Companies Act. There are other crown companies set up by statute, which are in a different category. I have mentioned two connected with the department with which I am associated, but there may be others of that type. I think we now have only four which had been set up under the Companies Act.

Mr. HACKETT: Does the minister know of any other companies, apart from the two under his administration, which have been set up since the war?

Mr. HOWE: No.

Mr. DIEFENBAKER: What was the total production of Polymer during the year ended March 31? How much was deducted by way of depreciation, or at what amount was depreciation computed?

Mr. HOWE: The net profit for the year's operation was $25,623, after provision was made for $2,192,967 for depreciation of plant and equipment.

Mr. DIEFENBAKER: What is the value of the plant and equipment today?

Mr. HOWE: I think it stands on the books at about $38,000,000; that is the net total cost of the plant, less repayment of capital from operating profits. The value of the production was $17,000,000.

Mr. DIEFENBAKER: I read in the press that the manager had been abroad in an effort to get markets in Europe for the production of Polymer. To what extent did he succeed, and what were the values of the exports during the year ending March 31?

Mr. HOWE: The trip was successful. For instance, he sold the entire requirements of the Michelin company of France for butyl rubber to be used for inner tubes. The Michelin company ship crude rubber of an equivalent value to New York. It is sold for United States funds which are applied against the purchase of butyl rubber at Sarnia. The exports of G.R.S. rubber were 11,784,000 pounds to the Reconstruction Finance Corporation and 21,392,000 pounds to other importers. Exports of butyl rubber were 95,000 pounds to the Reconstruction Finance Corporation, and 2,379,000 pounds to other export buyers.

Mr. HACKETT: Can Polymer compete with natural rubber?

Mr. HOWE: I think Polymer has had its worst year last year. The price of natural rubber dropped to below fourteen cents and, in order to hold its customers, Polymer had to drop its price to fifteen cents a pound, which is very close to production cost. Later, the price of natural rubber moved back to around twenty to twenty-five cents a pound, and Polymer advanced its price to eighteen and nineteen cents a pound. During the period the price was at fifteen cents, the corporation was operating very close to the red ink.

Mr. HACKETT: What salary is paid the chief executive?

Mr. HOWE: Twenty-five thousand dollars a year.

Item agreed to.

418. To provide for research and development of jet engines and aircraft, $2,000,000.

Mr. DIEFENBAKER: Recently two tragic accidents have occurred in which the lives of gallant airmen were lost. Were those aircraft produced in Canada, and have investigations taken place in regard to those fatalities?

Mr. HOWE: Here again the hon. member is asking the wrong minister. Those accidents did not occur during the testing of jet planes; they occurred during operations by the Royal Canadian Air Force.

Mr. DIEFENBAKER: Those planes were not produced in Canada?

Mr. HOWE: No.

Mr. DIEFENBAKER: Are any being produced in Canada?

Mr. HOWE: Canadian-built jet engines have been tested on the test block, but they have not been put into service. Jet planes are in the development stage, but no Canadian-built jet plane has flown.

Mr. DIEFENBAKER: Where are these developments taking place?

Mr. HOWE: At Malton.

Item agreed to.

National research council—

398. Salaries and other expenses of the national research council, $6,820,000.

Mr. GREEN: Have any crown companies been set up under the national research council?

Mr. HOWE: Yes, one small company to handle patents. There was no machinery for the marketing of patents which had been taken out by employees in the national research council or workers in the universities in the name of the government. Most other countries have patent corporations. The advantage of having a patent corporation is that it provides not only marketing facilities for Canadian patents but permits agency arrangements in connection with patents originating in the United States or the United Kingdom which can be offered to the market in Canada. All patents owned by the government have been transferred to this corporation, and it has made some marketing arrangements of considerable advantage.

Mr. GREEN: How does the national research council come into the picture?

Mr. HOWE: By arrangement between the governments, patents held by a similar corporation in the United States are made available to Canadian users through the Canadian Patent Corporation. In other words, they can apply through the corporation for Canadian rights to United States patents.

Mr. GREEN: Private firms?

Mr. HOWE: That is right. The purpose of the corporation is to sell public patents to private firms.

Mr. HACKETT: In Canada and abroad?

Mr. HOWE: This corporation works with corresponding corporations in other countries. For instance, our Canadian patents will be listed with the United States and the British government corporations. If there is no appropriate corporation to handle patents abroad they can be sold from Canada, but it is believed that in handling publicly owned patents it is better to work through government corporations.

Mr. HACKETT: Are these patents that recently originated in Canada, or are they patents that have become public property by reason of the activities of the custodian of alien enemy property? There were a great many German patents registered here, and I assume that the custodian had a vested right in them for a time.

Mr. HOWE: The purpose of the corporation is to market patents taken out by government employees in the name of the crown. I cannot say whether the corporation has taken over the German patents that were lodged with the custodian. There was some talk of their doing so, but whether it was actually done or not I cannot say. That will be between the national research council and the patent office.

Mr. DIEFENBAKER: You passed over items 396 and 397, Mr. Chairman, with a rapidity which is ordinarily appreciated, but may we be given the opportunity to revert to these items because they went through so fast we could not follow them?

Mr. GREEN: There is an increase in item 398 of $776,000 over the previous year. Would the minister explain the increase? We are all in favour of helping the research council, but why this increase?

Mr. HOWE: We are trying to stabilize the expenditure of the research council around $7,000,000, which is only a little higher than the present level.

Mr. GREEN: Has the research council been engaged in commercial business at all? The minister will remember two years ago, when the National Research Council Act was amended, the debate as to the extent to which they would go into business. What is the picture?

Mr. HOWE: The council can be and often is retained by private industry to work out a certain problem, but if my hon. friend means, do they buy and sell—

Mr. GREEN: That is what I meant.

Mr. HOWE: No. A firm may wish to develop an item of radar, and they will come to the national research council to have one unit made which can be used as a model for production. The council does that sort of work. It will make a prototype, but it does not manufacture in volume.

Mr. MacNICOL: Have we made progress in the production of oil from coal through hydrogenation? Have we been able to obtain any German patents? Have we anything along that line by which we can produce oil from coal?

Mr. HOWE: I am not sure. That particular activity comes under Mines and Resources.

Item agreed to.

399. Expanded research on the utilization of farm crops, $260,000.

Mr. CHARLTON: This item is for expanded research; yet there is a decrease in the vote. One ordinarily associates expansion with increased expenditure. Would the minister explain what results have been obtained and the reasons for the reduction in what I consider an important and necessary item?

Mr. HOWE: This is to cover the construction of the laboratory at Saskatoon. The

amount voted in 1947-48 was $401,400, and the amount expended, $141,400. We are revoting $260,000 to complete the building. I understand that the building is now practically completed.

Mr. CHARLTON: Is there any idea of doing further development work along this line?

Mr. HOWE: This item is to cover the cost of building the laboratory at Saskatoon. The operation of the laboratory comes under the over-all vote in the previous item.

Item agreed to.

403. Maritime regional laboratory, $150,000.

Mr. GILLIS: I am sorry I was out of the chamber for about a second when the dominion fuel board item went through. The item now before us has to do with experiments in regard to the utilization of Nova Scotia coal, which all comes within the work of the dominion fuel board.

Mr. HOWE: On a point of order, Mr. Chairman, this is a building item.

Mr. GILLIS: What are you building it for?

Mr. HOWE: We shall decide that later when we look the building over.

Mr. GILLIS: There has been a great deal of political propaganda that the government was going to set up experimental stations in the maritimes. Since this is the first time that the minister has brought before the house the vote for the dominion fuel board—

The DEPUTY CHAIRMAN: Order. We had better deal with this item. We do not want to go back to items we have passed.

Mr. DIEFENBAKER: After all, Mr. Chairman, one does not very often ask for reconsideration of an item, but we cannot keep up on all occasions with the speed with which you are presenting these items. A number of us wish to say something on items 396 and 397 and my submission is that the opportunity should be made available to us. We have sat here all day waiting for these items. As soon as the committee disposed of one you, sir, very properly and with meritorious speed passed on to the next, but we have not had an opportunity to deal with some of these items and I suggest that the opportunity to revert be granted.

The DEPUTY CHAIRMAN: I try to get the estimates through, of course, and my hon. friends had every opportunity to speak on them as they were called from the chair. I would remind hon. members that we have had a long discussion on coal.

[Mr. Howe.]

Mr. DIEFENBAKER: It should not interest you, sir, how long a discussion we have had.

The DEPUTY CHAIRMAN: My hon. friend knows that the rules are that the committee deals with the item before it, but if he wishes to ask for the consent of the committee to go back to a certain item—

Mr. HOWE: We do not want to be unfair to anyone, and I suggest, Mr. Chairman, that we continue with the items and, when we have finished with them, revert to the coal item.

Item agreed to.

404. Administration expenses of the atomic energy control board, $77,272.

Mr. GREEN: This and the next two items have to do with the atomic energy control board, and I think it would be appropriate if the minister would make a statement concerning the activities of that board. As he knows the house has had very little opportunity to find out just what is being done by the board, and this is the occasion when we should have an explanation.

There is one other point in connection with the board. When the bill was passed in 1946 there was agreement, I think on all sides of the house, that there should be a watchdog committee, similar to the committee in the United States where they have nine members of the senate and nine members of the house of representatives constituting a committee on atomic energy. At that time, in 1946, the present minister took this position, which will be found at page 2401 of *Hansard* of that year:

> Then my hon. friend mentioned watchdog committees.
>
> In opening the debate, I had suggested that there should be watchdog committees, one of which would be composed of members of the Senate and members of the House of Commons. As I have explained, that was supported by several members from each of the parties. I continue:
>
> I dare say that, as developments proceed, it may be desirable to have committees, and perhaps a standing committee of this house on problems of atomic energy may be warranted; I do not think that is so at the moment. We should obtain more experience in the work of atomic energy before a standing committee is established. But that may very well be a logical development of the future if and when atomic energy takes a more important place in the Canadian economy. There is nothing in the bill that would prevent the establishing of advisory committees or the setting up of a parliamentary committee, should the future indicate that that is desirable.

Two years have gone by. Last year the minister explained to the house that the work

being done in Canada on atomic energy had to do with the use for civilian purposes, and not for war purposes, which I suggest removes some of the need for secrecy; that was the main basis on which this house was refused any hand whatsoever in the development of atomic energy back in 1946. I suggest to hon. members that atomic energy may be of the utmost importance in the economic life of Canada in the years that lie ahead. We all hope that it will be.

It is an unsound position that on this question this house should be working entirely in the dark. We know absolutely nothing of what the possibilities are, or what progress has been made. I do not think that condition exists with regard to any other activity of government. Here we have a board operating without any real control by parliament, and without parliament having any knowledge of what is being done. The board is not even a full-time board; it is more or less of an honorary board; the chairman has other duties which take up most of his time. I suggest that the time has now come when there should be set up some sort of parliamentary committee on atomic energy. If that cannot be done, then parliament should be given some more direct control over the activities of the atomic energy control board.

Mr. HOWE: I had expected that this subject would come up earlier in the session, and I had gone to the trouble of preparing a brief but eloquent speech, telling about everything that Canada is doing on atomic energy. Perhaps I can dig out of the speech about as much as I can read from now until six o'clock, and give an idea of what we are doing, and after that we can discuss the other problem.

Mr. BLACKMORE: I should like to hear the minister give us the whole story.

Mr. HOWE: I would love to, but time moves on.

Mr. McCULLOUGH (Assiniboia): Put it on the record.

Mr. KNOWLES: No.

Mr. GREEN: It is of great importance.

Mr. HOWE: An undelivered speech is a great asset. Perhaps if the committee does not want it I might deliver it at some other forum.

Mr. BLACKMORE: I should like to hear it all.

Mr. HOWE: I shall start from the point that tells what we are doing at the moment at Chalk River; that is, the peacetime use. I could hold in my hand a small cylinder of natural metallic uranium. The cylinder I had prepared for this demonstration was about the size of the little jack-knife I now hold in my hand. We now know that if every bit of this very heavy metal could be turned into energy —which theoretically it can be—we would get the same quantity of power that could be developed by about 500,000 tons of coal, or about the power we now get out of the large Shipshaw plant in one year. There is little doubt that some day we shall be able to fly to remote areas, in one small aeroplane, more potential power in the form of nuclear fuel than can be hauled today in a hundred railway coal cars. One does not require an extraordinary imagination to envisage what that may mean to future developments. But as I have said, there are many problems to be solved before commercial atomic power is an economic reality. Our Chalk River plant is working vigorously on the fundamental problems involved, and we are keeping in as close touch as possible with what is going on in other countries.

While commercial atomic power is definitely not "just around the corner", there are immediate dividends in connection with radioactive isotopes and their use in medicine, biological research, and industrial applications, which I shall mention in a few moments and which some people feel may ultimately yield greater and more significant returns than all the conceivable applications of ordinary power.

Now, as to what we are doing at the moment at Chalk River. The pile is running satisfactorily; plutonium is being made in the rods; but, since it takes some time to build up that material in the rods, the chemical extraction plant is not yet functioning, although extraction on a laboratory scale is being carried on. We are producing, using, and distributing, a series of radio-isotopes, and the research and engineering staffs are extremely busy on an extensive series of investigations on the chemical, biological, medical and industrial uses of isotopes. Also fundamental nuclear investigations on the effect of radiation on structural material are being carried on, which are necessary before commercial atomic energy plants can become a practical economic reality.

It might seem that, since we are now running a pile or nuclear furnace which gives off heat, it should be easy to develop power on a commercial basis. It is true that the Chalk River plant is now discharging into the river hot water which might be used to heat buildings. This could be done, of course, but the temperatures are so low that it would cost more than it does by the use of conventional steam heating. This is not because higher temperatures cannot be produced; but because,

at the moment, the structural materials available that will stand high temperatures are unsatisfactory from the standpoint of absorption of neutrons. This means that much research must be done to develop new materials, because unfortunately materials of the engineering standard textbooks are not satisfactory.

We also know little about the effects of intense radiation on structural materials. Here again we have a revolutionary new force that engineers in the past never had to take into account in structural design, and we must accumulate the necessary fundamental facts before we can design high-temperature power reactors with confidence.

In the field of radioactive isotopes, the situation has more immediate promise, and we are now making dozens of different kinds and are regularly distributing to workers in ten universities quantities of thirteen of the most important radio-isotopes such as radioactive phosphorus, sodium, carbon, calcium, iodine, et cetera. In addition, of course, even larger quantities are being used in the national research laboratories at Chalk River and elsewhere.

I think most hon. members realize that radioactive isotopes have three main uses. They are useful as tracers in research and analytical procedures. They hold great promise in the field of medicine for clinical use as a radioactive source, and they have almost limitless possibilities in the broad field of industry for control and other purposes. Perhaps a few examples will be helpful. For instance, iodine is known to concentrate in the thyroid gland; hence, if a compound containing radioactive iodine is given a patient, the course of its path through the body may be traced and the rate of accumulation in the thyroid can be determined by instruments outside the human body which record intensities of radiation. It can be easily seen that in a similar way, where treatment by radiation has proved helpful, it may be possible, in the future, to carry that radiation to the proper tissues by radio-isotopes.

There is surely an immense field for the use of tracers in research work in chemistry, in biology, and in medicine. In determining just what happens in biological processes, the tracer techniques provide a new wool as potentially novel and useful as was the microscope when first introduced. In the treatment of disease, there is a future so hopeful that many believe the benefits from medical research alone will some day repay manyfold all our considerable expenditures.

I could go on giving scores of examples of the use that is now being made of radio-

isotopes by Canadian scientists, but time will not permit. I do want, however, to say that in the field of agriculture also the experiments being carried out in western Canada have already given most important information about the way in which plants take up elements from fertilizers, where the various nutritional elements in feeds go, and how they are assimilated. It is predicted that the use of tracers will have a profound effect on agricultural science and production.

But perhaps the greatest quantitative use of tracers will be in industry. Even today, isotopes and radiation are being used in scores of industries, in chemical plants, in metallurgy, in textiles, in the oil industry, and in thousands of plants, particularly in the United States, where intensive studies are being made everywhere to see if industrial processes cannot be improved and costs cut down by the use of this new technique. For instance, in mixing chemicals, tracers can indicate accurately how much of each type is in the final product. Again, where raw materials from different parts of the world go into one product and where quality is effected by blending, tracer techniques can provide easily the definite answer wanted as to just how much of each ingredient is in the final product. In metallurgy the uses are obvious and many. In studies of the wear of bearings it has been possible to detect the migration of atoms of metals from one piece to another; information that was heretofore impossible. Also the phenomena of annealing, grain growth, and transformation of one type of iron into another can be closely studied.

Again in control operations, in industries where it is desirable to know the composition of wastes; in dye industries, where it is essential to follow the strength of solutions; in the oil industry, where control is essential; in these and hundreds of other cases, the use of tracers for analytical purposes is proving most useful. In addition, other unsuspected uses for radiation are being worked out, such as the instrument which will follow and chart the internal corrosion of a metal retort or vessel from an external location, the gauge which will record levels of liquids in tanks, and the device which measures and controls the density of solutions in large tanks. There is also a useful device for removing the static from paper and textile machines which has shown real economies. That device is being sold commercially by the government. In fact, so attractive are the potential uses in industry that one might almost say that within two or three years the real initiative and enter-

prise of a country's industries will be measured by the use they are making of isotopes and radiation techniques.

From what I have said I hope the committee will appreciate that our enterprise at Chalk River is not an ordinary industrial undertaking which can be judged by the immediate output of plutonium. It is really an exploration expedition into a land of great promise. We have a staff of about 250 scientists and technicians, with an additional 750 employees and, beside the output of isotopes and plutonium, there are now being turned out hundreds of original scientific papers which are rapidly establishing the scientific quality and reputation of this Canadian scientific centre, which even now is a place to which the great scientists of the world come for discussions and information.

While the tangible and immediate results in production, in research, and in development, are impressive and worthwhile, I should like to remind hon. members that the ultimate results of the best research can seldom be immediately discerned. We know by experience that where we have first-rate research in any field, there is almost sure to be an overflow into adjacent fields, and the unexpected harvests are often the most valuable.

In closing, I suggest that this rather large enterprise which we undertook at Chalk River in a time of war is turning out to be an absolutely first-rate effort that will continue in the years to come to be a credit to Canada in every sense.

Mr. GREEN: The minister did not deal with the suggestion that we have a committee of the senate and this house.

Mr. HOWE: I doubt whether a committee is necessary. Since the work done is chiefly confined to peacetime uses, control is more or less obvious. The work is being laid out by the national research council; the council has its medical committee and men interested in plant research, and other research of various types, and these committees are directing the experimental work that is being carried out.

If a committee of the house wishes to go there and see the work at Chalk River that will be possible. The atomic energy commission has no great decisions to make. We have freed control of material in the ground. Its duties are confined to purchasing fissionable materials after they are mined, and controlling their refining and sale. That today is concerned only with the Eldorado operations. There is no private operation either present or contemplated, which we know of, although there are rumours of the finding of new deposits of ore. I can think of no reason why any formal board should be set up, but if the house at the next session wished to appoint a committee on atomic energy and bring experts before that committee to discuss these matters it might be appropriate to do so.

Mr. GREEN: Would the minister consider making a move of that kind at the next session? I know that nothing can be done during the present session; but in the intervening months, between now and the session of 1949, perhaps the government could give some thought to the advisability of setting up a committee of the house or a joint committee of the senate and the house.

Mr. HOWE: I would certainly have no objection to doing that. I would be glad to consider it.

Mr. POULIOT: If the hon. member for Vancouver South belonged to such a committee he would turn into a statue of salt.

Mr. IRVINE: Is there any co-operation between the research going on in Canada and that which is taking place in the United States and Britain with respect to atomic energy?

Mr. HOWE: Yes. There is close co-operation.

Mr. McCULLOUGH (Assiniboia): The minister said that knowledge of atomic energy would be used more particularly in the United States. By that, does he mean that United States industry is using to a greater extent than Canadian industry the knowledge that we also have of atomic energy?

Mr. HOWE: Industry in the United States is about ten or fifteen times the size of industry in Canada, and therefore more people are interested in research, and in the application of atomic energy to industry. Our industry is also active, but there is a larger use in the United States.

Mr. McCULLOUGH (Assiniboia): Because it is larger, it does not follow that it is more progressive or up to date, or should be, in the use of the technological knowledge which we have. I think attention should be paid to that phase of the matter to see that our Canadian industries utilize the atomic energy knowledge that we have.

Mr. CASE: Is Canada the principal source of fissionable material for the United States?

Mr. HOWE: No, not the principal source.

Mr. McCULLOUGH (Assiniboia): I have seen metals—I believe it is uranium—coming from the Flin Flon deposits. Is there any danger of such metals or ores finding their way

into the hands of people who should not have them, in view of the fact that the government has removed the controls in that regard?

Mr. HOWE: My hon. friend has never seen uranium metal.

Mr. McCULLOUGH (Assiniboia): I do not know. It is an ore.

Mr. HOWE: He could have seen low-grade ore. But there is no great danger with low-grade ore. The refinement process is a complicated one. The ore is no more dangerous than any other kind of ore. The ore is not fissionable, but it can be made into fissionable material.

Item agreed to.

Some hon. MEMBERS: Six o'clock.

Mr. BLACKMORE: Will you, Mr. Chairman, tell us exactly what our position is? Are we going on at eight o'clock? Are we to go on from eight o'clock until eleven o'clock tonight?

The CHAIRMAN: It being six o'clock, I do now leave the chair.

Mr. BLACKMORE: Are we to come back to item 396 as though it had not been passed?

Mr. HOWE: It was my understanding, and I hope that the chairman will agree, that at eight o'clock we will take item 396, on the coal board, and rather hurriedly examine it.

Mr. KNOWLES: We hope.

Mr. HOWE: If anyone has a forty-minute speech, perhaps he can cut it to twenty minutes and let us get on fairly quickly, as a sort of compromise with the situation.

Mr. GREEN: What department will be called after that?

Mr. FOURNIER (Hull): External affairs.

Mr. KNOWLES: And then what after that.

Mr. FOURNIER (Hull): Labour.

Mr. KNOWLES: And after that?

Mr. FOURNIER (Hull): Sunday morning.

At six o'clock the committee took recess.

After Recess

The committee resumed at eight o'clock.

The DEPUTY CHAIRMAN: Although items 396 and 397 for the dominion coal board were carried, I believe it was agreed that there would be some further discussion.

[Mr. McCullough (Assiniboia).]

Mr. GILLIS: I know, Mr. Chairman, that the minister hates to see me get up just as much as I hate to get up.

Mr. HOWE: I would not say that.

Mr. HARRIS (Grey-Bruce): No. We are glad to see you get up.

Mr. GILLIS: I do not intend to take long on the subject. I was anxious that the minister should make some statement on this item, the dominion coal board, because it is a new piece of machinery established nationally to try to do something about developing the Canadian coal industry, and also about developing a national fuel policy in the field of marketing. The coal board itself was appointed as a result of a recommendation of the royal commission, and it has functioned for a year. I thought the minister might have something to say as to how it has worked, what new fields it has opened up or it has in mind with respect to a national fuel policy. That is mainly the reason why I rise at this time.

I shall not talk about what the fuel policy should be, or to any extent about the development of the resources of Canada. I have done that so often in the house that I hate to see myself doing it all over again.

Mr. GRANT: You must be getting fed up with it.

Mr. GILLIS: No, not exactly. I think the setting up of the board itself and giving to it the function it has to perform is a step in the right direction. I said that when the board was set up. According to the *Financial Post,* the board has a scheme under way now for the further mechanization of the coal mines of Nova Scotia.

Mr. HOWE: Does that paper in the hon. member's party now correspond with the Toronto *Globe and Mail* in the Progressive Conservative party?

Mr. GILLIS: It is rather unfortunate that one picks up in that paper a considerable number of things that we do not get in the house. This issue of it had about eight pages on maritime industry, as to the things that were to be done and the things that the government were doing. Among the items was a fairly comprehensive statement as to the negotiations being carried on between the dominion government and the corporation; and I presume that is the dominion coal board.

Last night the argument with regard to the development of the hard-coal areas in Alberta reminded me of the arguments we were mak-

ing twenty years ago along the same lines. The factor that has always prevented the development of the Canadian industry has, in my opinion, been the question of markets. The coal is east and west and our main market is in the centre of Canada. In that respect you were bucking geography. I always contended that the only way to overcome it was to zone the markets in Canada that were as economic as possible. Then, your subvention arrangement would enable our coal from the east and west to go into the markets as far to the centre of Canada as possible and compete, with government assistance. Under the present scheme of things, under free enterprise, I do not think there is any other way to work it.

One thing, however, of which I am convinced is that as far as Canada, the government and—as far as I know—the coal board are concerned, there does not seem to be any initiative being taken by any body of government with respect to the development of our own resources. In my own end of the country the resources are there. The coal industry has a reallocation of colliery policy going back to 1926 under the old Duncan commission report, when they were shrinking the thing, centralizing the operation as far as possible, and catering to the maritime market only. That is our position today. I do not see any program for expanding the industry.

There is a program of further mechanization, with loading machines at the face, to try to increase production in the collieries that are now operating. But that is not expanding the industry, and it will not free us from almost complete dependence on the United States for our supply of coal. I was wondering if the board had anything in mind with regard to new openings in order to expand our own industry. It would not happen overnight, of course. Some planning would have to be done, keeping markets in mind. But I think it is about time that we at least began to take a long-range view with regard to developing our own resources.

I wish to read, for the minister's benefit, a passage from a letter I have here. I was surprised when I obtained this letter, and I have authority to use it. It is a letter from Mr. R. C. Vaughan, president of the Canadian National Railways, in reply to a letter from Mervyn Brown, president of Alberta Hard Coals Limited. He was writing to the president of the Canadian National Railways —and I will not read all of the letter—probing the possibilities of this resource about which we were talking last night. The pertinent part of the letter reads as follows:

> In normal times the problem has been to find a market for the coal produced not only in western Canada but also coal produced in eastern Canada and the government of Canada has expended large sums of money by means of subventions to enable that to be done.

Mr. DIEFENBAKER: Who wrote that?

Mr. GILLIS: Mr. R. C. Vaughan, president of the Canadian National Railways. The letter continues:

> It is quite likely that in three or four years, or sooner, that condition will again exist.

That is all of the letter that I need to quote. But it shocks me that a man in that position would make the statement that the condition which existed prior to the war with regard to the marketing of our own coal in Canada would likely be the condition with which we shall be faced within the next three or four years or sooner.

I might say, Mr. Chairman, that all the talking I have done in this house about coal during the past three or four years was based on that assumption. I myself could see a drift back to what we went through after the last war when we lost the Quebec markets, and the struggle we had to get back into those markets. In the many conferences and discussions we had with the operators and with government officials in the years when our collieries were working only two or three days a week, that was always the story. They said, "You find the markets for us and we will make new openings", or "We will produce more coal", or "These collieries will operate on a five-day week basis". But it was always the question of markets. I am wondering if that kind of thought, coming from a high official of the Canadian National Railways who knows something about the field of fuel—and he must know something about it; the Canadian National Railways consume a great deal of it and haul a great deal of it across the country—is at the back of the minds of the coal board, for example, the minister himself or government officials. We are sitting back, fearful of developing our own resources in Canada, because we think that three or four years from now there may not be the markets which would permit the operation in this country. Has the board considered attempting to get away from dependence upon the United States, to the extent we are now depending upon them, by developing and extending our own resources, and trying to develop some zoning of markets in this country so as to develop the industry here?

My own opinion is, of course, as I have stated on many occasions in the house, that

under the system of so-called free enterprise I do not believe the coal resources of Canada will ever be developed. I do not think we shall find risk capital in this country from coast to coast, or in the central provinces, which will put money into that kind of business. I believe this resource, which is basic to our whole economic set-up, is something which will have to be managed and taken over by the government because, in my view, the government is the only organization with the necessary funds for development as it should be carried out.

I shall not discuss the matter further. My main purpose in rising was to inquire from the minister if there is any substance in the thought expressed in this letter by Mr. Vaughan, that there is a chance of our swinging back to a no-coal situation in Canada, and returning to the operation of collieries for two or three days in the week. Or has the board a program of extending and developing our own resources from a long-range standpoint, in order to get away from our dependency upon the United States to the extent which is now necessary?

Mr. McCULLOUGH (Assiniboia): I should like to follow what has been said by the hon. member for Cape Breton South. I do so because I am deeply interested in coal, coming from a province where we have about 24 per cent of the known lignite deposits in Canada, and most of which lies in my own constituency.

I support the hon. member when he says we have to have a policy with a social consciousness at the root of it. We cannot discuss the fuel policy intelligently unless we discuss it on the basis of development across the country, not only as it applies to coal, but as it applies to oil and other fuel deposits.

I would bring to the attention of the minister the fact that it was only last year that we had a tremendous shortage of fuel in eastern Canada. During the war, too, we were dependent upon the United States for supplies of coal for our industry. I am sure that with the proper type of development in this country, and with our known deposits, we can safeguard ourselves by developing those deposits. At the present time we are imposing upon our people rigid restrictions in an attempt to save United States dollars. We must remember that we import about $150 million worth of United States coal, and pay out about $75,000,000 in freight charges to bring it to Canada, making a total of $225 million, or a quarter of our national deficit in United States dollars. This fact should bring before the government the necessity of developing our own coal fields.

In my own constituency some weeks ago one mine was shut down, and the workers in the mine were given notice by the company that their services were no longer required because the mine was shut down indefinitely. I believe the government should take some responsibility in this regard. I am glad that the coal board has been set up, but I believe it should undertake the development of coal throughout the country, so that our nation will be safeguarded both in peace and war against any restrictions which might be placed against the importation of fuel from other countries, and so that our industries will be able to operate with the help of our own resources.

Mr. HOWE: The purpose of the dominion fuel board is to keep informed on all problems of Canada related to fuel, and to see that no difficulties arise which may be avoided. It is the duty of the board to see that the industry functions as efficiently as possible.

There are many problems connected with fuel in Canada, the first of which is the problem of production and distribution. I can say that this problem has been handled better during the past twelve months than ever before in our history. Every mine has been kept operating at capacity, and the fuel has been sold either domestically in Canada, or in export markets. That is something which I believe was not done as well even in war years, because there were interruptions in those years which have been avoided during the past year.

Then there is the problem of supply in the central provinces. It is necessary to have sufficient coal in the country, so that no hardship results either to industry or to private citizens through a shortage of coal.

There is the further problem of fuel oil. Canada has been dependent upon outside sources for about 90 per cent of that product. I am happy to say, however, that the ratio is going to change rather rapidly, as we hope to develop in western Canada a source of supply which to a considerable extent will offset the quantities being imported at the present time.

Then there is the problem of natural gas. This is a provincial matter, because gas is not distributed outside the province in which it is produced. Nevertheless the government and the coal board have been able to give some help in western Ontario, where an effort is being made to bring in gas from Texas.

All these fuel problems require constant study. If any serious failure occurs in any of these problems, the result may be calamitous. In a country with the climate of Canada, nothing could be more serious than to be without fuel in the midst of a Canadian winter.

Mr. McCULLOUGH (Assiniboia): In that connection, does not the minister think it would be better to have a board set up which would take into consideration the development of all types of fuel?

Mr. HOWE: This board is charged with that responsibility. It has no mandatory powers over fuel oil, but it can be given those mandatory powers under the act, simply by the passage of an order in council.

People speak a good deal about development, and suggest that we should open new mines. The hon. member for Cape Breton South, who probably knows the problem better than I do, will agree with me that the limitation is one of manpower, the supply of qualified miners. If we had more qualified miners in western Canada we could produce more coal. If we had more workers on the face in Cape Breton we would produce more coal. The simple method of opening up new mines will not produce new miners.

Mr. GILLIS: Why was the apprenticeship scheme, which was established during the war in connection with the coal mines, abandoned? Miners were being developed rapidly, but that scheme was abandoned. That is why you are not getting men at the face today.

Mr. HOWE: Because in wartime we had control of labour which we have lost in peacetime. My hon. friend knows how that happened.

Mr. GILLIS: Could this board be given that authority now?

Mr. HOWE: I am afraid not. It is impossible to order men to do anything these days. If men come forward and volunteer for apprenticeship, I am sure it could be arranged. The other matter, about which the hon. member speaks, was more or less a mandatory affair.

Mr. GILLIS: I am sure you would get hundreds of apprentices if you re-established the scheme.

Mr. HOWE: I shall be glad to confer with my colleague the Minister of Labour and suggest that he re-establish his school. But it would be a different kind of school from the one which operated during the war, as my hon. friend will appreciate.

Then, reference has been made to the lignite deposits in Saskatchewan. The hon. member knows as well as I do that lignite cannot be stored in any quantity. As the hon. member knows, the mines in Saskatchewan have always closed down in June, July and August since he was a small boy and probably they will in future, because the coal must be moved from the mine into use immediately, or otherwise it will not be coal; it will be just a pile of dust. I do not know that the coal board with all its magic can do anything about that situation. An attempt has been made to briquette the coal, I think perhaps with some success. I am not sure how that briquetting process is working out.

Mr. McCULLOUGH (Assiniboia): I do not pose as being a coal expert, but I know they are briquetting coal there and have been doing so for years. They have developed a good binder, and the briquetted coal can be shipped any place in Canada. I think the minister will admit that it is high-grade fuel in that condition.. I submit that the capacity of the briquetting plant should be increased, either by private enterprise or by the government. It would then be possible to ship the larger quantities to those parts of Canada where fuel is needed, and to sell the by-products.

Mr. HOWE: I am not familiar with the briquetting plant, but I should imagine that the mines at Estevan can produce in one day sufficient coal to keep the briquetting plant in operation for a year.

Mr. McCULLOUGH (Assiniboia): That is true.

Mr. GILLIS: Then why not expand the plant?

Mr. HOWE: Expand it 365 times? We must be practical about these things.

Mr. GILLIS: Put in a few more retorts.

Mr. HOWE: The only reason the plant is operating today is that its capital cost was written off. It was sold to the present owner for one dollar. There is no great encouragement, either for the government or for anyone else, to make the capital investment required to briquette Estevan coal and expect to do the country any great good.

Mr. GILLIS: I was out there and had a look at that plant. The plant was set up in the first place by the Saskatchewan government, which was Liberal at that time, at a cost of $1,000,000, but it was never used. It is a low-temperature carbonization process, the process upon which Germany built her whole industrial set-up. There are only two of these plants in North America. This was simply a small pilot plant, and it was sold later by the government for a dollar. It is just a small affair that is struggling along.

If the coal board took hold of it and, as suggested by the hon. member for Assiniboia, put in a few more retorts, the fuel could

be sent to any part of the world, once it was briquetted, and the by-products could be utilized. I suggest that there is a possibility to do something with Saskatchewan coal. The board should have a look at that plant and see what can be done about expanding it.

Mr. HOWE: The purpose of the coal board is to see that coal is produced as efficiently as possible in all parts of Canada; that it is distributed as efficiently as possible; that sufficient coal is brought into the deficient areas to meet their requirements; that the distribution of oil is in the best interests of Canada, and to promote the efficient production and use of fuels across the dominion. I think the board has got away to a good start.

Mr. IRVINE: Could the minister give us the names of the personnel of the coal board and also tell the committee if some of the members have been or are still closely connected with United States coal companies which are shipping coal into this country?

Mr. HOWE: The chairman of the board is Mr. Uren, who had charge of the distribution of materials throughout the war years. Mr. D. W. Morrison was the mayor of Glace Bay. He is an old coal miner and was the unanimous choice of the miners in that area. Mr. P. Streeter is a coal operator in New Brunswick. Mr. MacLaren was associate coal controller for the dominion during the war years. He has a distributing business in Toronto and is familiar with the problems of Ontario. Mr. A. Vissac is a consulting engineer who has been operating in the western provinces for many years past. Mr. W. Whittaker is secretary of the coal association of western Canada, and Major-General Renaud is a gentleman who is familiar with the distribution problems in Quebec. He was not previously associated with the industry.

Mr. DIEFENBAKER: Last evening there was a discussion with regard to the Highwood property in Alberta, and reference was made to the findings of the royal commission on coal. Has any investigation of the Highwood property been made at any time by the fuel board?

Mr. HOWE: The fuel board have received samples of the coal and have had it analysed in the dominion laboratories. There has been no opportunity to visit the property, which is not a coal operation; rather it is a coal lease. There are really two leases. My hon. friend has referred to the Highwood property. The property our friend Brown is interested in is the Burns leases, on the other side of the river.

[Mr. Gillis.]

Mr. DIEFENBAKER: Reference was made by the hon. member for Cape Breton South to Mr. Vaughan, president of the Canadian National Railways. When Mr. Brown, to whom reference has just been made by the minister, communicated with Mr. Vaughan in regard to the building of a branch line of some fifty miles to the Highwood property, Mr. Vaughan, among other things, said this on May 18:

> The royal commission on coal, appointed by the government, in their report of December, 1946, dealt with the Highwood area (pages 37 and 38). I understand the fuel board at Ottawa has also made some investigations into those areas in relation to the general coal supply of Canada.

As the minister has just said, apparently the fuel board did not make any investigation of this area, apart from an investigation with regard to the quality of coal to be found there. I have read over the statements made last evening with regard to this matter, and it seems to me that it is rather unfair to the application which is being made to rely on the findings of the royal commission on coal. The reason for this was set out last evening by the hon. member for Calgary West when he referred to the fact that the evidence of Mr. Brown and the representations of Mr. Charles McTague, council for Mr. Brown and his associates, were not completed. Indeed, their representations were withdrawn and they themselves withdrew from the commission. That being so, I do not think the findings of the royal commission should be accepted in any way in connection with deciding upon the value of this property and the need of a spur being built.

To keep the record clear, I have in my hand a copy of a letter written by Mr. McTague. Incidentally, Mr. McTague was for some years a judge of the court of appeal of Ontario. He resigned some years ago. He is a man who would be most careful in any representations he would make, and on October 1, 1945, he wrote the following letter to Mr. J. H. Frawley.

> Dear Mr. Frawley:
>
> *Re* Allied Industrials Limited
>
> With reference to your letter of September 25, and subsequent telephone conversation I have to advise that my clients wish to withdraw their applications from the commission and consequently it is not deemed necessary to file the material to which you have reference.
>
> My clients are of the opinion after their experience at the hearing in Toronto that no good purpose will be served . . .

The reasons for that statement are set out, but I do not need to place them on the record. The letter then goes on:

> Therefore, I should appreciate it if you would place on the records of the commission this letter of withdrawal.

So far as this property is concerned, I feel that those who advocate the opening of this area do not deserve, in the interests of the country as a whole, to be met by the argument that a royal commission had met and come to a determination finally or indeed partly conclusive, because representations were not made for the reasons set out in that letter.

My hon. friend mentioned Mr. Brown, and last night certain references were made to him. I am not going to place his views before the committee, but if there was any intention on the part of the right hon. gentleman in referring to Mr. Brown as a promoter, as he did, to convey any innuendo—

Mr. HOWE: Promotion is an honourable profession, is it not?

Mr. DIEFENBAKER: I am glad to hear my right hon. friend say that, because it removes any suggestion that might be conveyed by the use of the words in the manner in which they were used.

Reference was made to the personnel of the coal board. I do not know anything about the members of the coal board, but it is the contention of Mr. Brown that their attitude has been far from co-operative. He points out that one of its officials was a member of the western coal association, which is unfavourable to the opening of this area. He further states that another member of the board has been the president of the Rochester and Pittsburgh Coal Company, a United States coal company, which has been exporting millions of tons of coal into Canada. He also points out that Mr. Vissac, to whom my right hon. friend referred, and who was the consulting engineer for Mr. Brown in 1944, approved the opening of the Highwood coal area. These are the representations that Mr. Brown makes, and these representations, as I see it, deserve to be answered by the minister, to the end that any sense of unfairness that is felt by Mr. Brown will be removed, if not dissipated.

My right hon. friend said in answer to the hon. member for Cape Breton South that, regardless of the properties which could be developed, lack of available miners would prevent any development. He stated that the proposal of this group with whom Mr. Brown was associated was to mine millions of tons of hard coal by strip-mining methods, thus avoiding the necessity of having underground miners. I do not know anything about this proposition from personal knowledge, but if what the Minister of Agriculture said at a dinner that I attended along with other members of this house is to be seriously regarded, I again bring this matter to the minister's attention, to the end that further consideration be given to this application.

The minister said last night that other coal companies had built their own spur lines, but my information is that none of these spur lines has been longer than five miles or so, and in no case is there one approaching fifty miles in length. The hon. member for Davenport, who has given his usual close study to this matter says there is no spur line at all to a hard-coal mine which has been built by the operator.

One of our major responsibilities as members of this house is to see that fairness is done to all, and if the allegations and contentions of Mr. Brown be correct, then I think the whole question deserves to be reconsidered. Certainly Mr. Brown and those associated with him should not be faced with the findings of a royal commission report that was not based upon full evidence and, indeed, is based upon evidence, the representations covering which were withdrawn prior to the conclusions of the royal commission.

Mr. HOWE: I cannot understand what this is all about. I have read full-page advertisements attacking myself personally for something I failed to do in connection with this venture, and I have seen this group issue full-page advertisements in the press. So far as I know, Mr. Brown has never made any proposition to the government at all.

There is in the neighbourhood a mine operated by John Boyd, which is trucking its coal to the nearest railroad and getting along all right. I cannot imagine what magic there is about this particular property that requires us to build a railroad. Sixty miles is not an uneconomical trucking distance. There has been tremendous excitement and tremendous pressure about this property, but absolutely nothing done in the way of development.

Mr. Brown asked for permission to appear before the royal commission on coal, which was made up of men who had no prejudices in the matter that I know of. They heard him for a time, and then he withdrew on the advice of counsel. I would judge from that, that he did not have very much to present or that it did not carry very much weight. He applied to the Canadian National Railways. I must say that I disagree absolutely with Mr. Vaughan as to the future of the coal industry in this country; nevertheless I cannot imagine Mr. Vaughan building sixty miles of railroad into this particular property when he could build fewer miles of railroad and get an equally good product. There is no magic in this particular property. I have known about the Burns' leases since I first went to western

Canada thirty years ago. I have actually visited them. Probably I am the only man in the house who has ever seen this property. What is all the shooting about? Who wants to do what? I have never been able to discover it.

Mr. FERGUSON: I saw this man's advertisement in the paper. Naturally, as a Canadian, I was interested. I went to the Royal York hotel. I heard him contend many things. I said, "If you wish I will meet you in Ottawa." I made arrangements to meet him here. He never met me. I got a wire at the last moment. I told him I was willing to meet him at eleven a.m. I think the man does not know where he is heading. Why waste any more time in this House of Commons and expend many more dollars of the people's money on a man like that? The man is all talk.

Mr. CHURCH: I wish to refer to this matter. As a pioneer in this national fuel policy, twenty-five years ago on the 13th day of March, 1923, I introduced a resolution calling for a national fuel supply. I asked for the adoption of a policy to that end. I am too modest to call myself a Progressive; I am a Conservative. I asked for the adoption of a national policy of bonuses, subventions and subsidies, so that all the coal we use in Canada could be mined and coked under the British flag. I referred to Wales, Alberta and the maritimes. I find that the minister has made some progress. There is no doubt about it at all. We had the same difficulty when I raised this problem, on March 13, 1923. At that time we had not enough miners, no help from the national railways, no merchant marine, and all that kind of thing which we needed for the policy.

Ten years before that, we had an experiment made. In 1912 a ship left Swansea, Wales, with several thousand tons of Welsh coal and landed at the harbour improvement in my constituency, in Ashbridge's bay. One hundred and four members of parliament were down the ship channel the other day. They saw the large piles of coal, about 800,000 tons, brought in, instead of by all-rail, by water through the Welland canal from lake Erie ports; Buffalo; Erie, Pennsylvania; Ashtabula; Cleveland; and many other coal centres in Pennsylvania. We have had experiments made.

We have the same problem today. It is not a new problem at all. We knew of this problem when we started the harbour improvements. I believe the time is coming when the government should try to get more miners into the country. There are many displaced persons from Europe today who could go into the coal industry in this country. If we could get 1,000, 2,000 or 3,000 of them it would help.

[Mr. Howe.]

Many of them have been deported from some of the mines in eastern Europe, and are now slaves working for the Russian government. If our friends at the UNO would only make some representations I believe we could get some miners into these three parts of the country.

I proposed an embargo on coal in 1923. The debate lasted three days. It is not a new problem; it has been going on since I have been in the house. It is 95 per cent a transportation problem plus a labour problem. The very same state of affairs prevails today. The same situation exists with regard to Alberta coal moving westward. We had hoped to bring in a whole lot of it. One of the western papers said they had to bring United States coal as far west as Saskatoon and other places farther up from the border, on account of Alberta coal going west. I predicted this in 1923. Hon. members will see that if they look up *Hansard* of March 13, 1923. It was said that the government of the day could do nothing. Five or six years before that, it was suggested that maritime coal be given bonuses, subventions and subsidies. The minister made some progress last year. I give the minister some credit for having made some progress. He should consider further the question of giving subventions to miners and mines that produce large amounts of coal.

The minister knows more about this matter than I do. I am speaking from memory. I referred to the Burns matter near Calgary at that time. They had some mines in Alberta when I brought this matter up before. I believe the government should consider the policy now along the same lines, because it is all a protectionist measure to use Canadian coal to try to save dollars. Look at what we would have saved in dollars since 1923. In 1923 we were sending out $52,000,000. We were sending that out in wages to Pennsylvania coal barons. Sir Henry Thornton was head of the Canadian National Railways at the time. He did not think very much of my policy. It would be far better for us to consider that policy and do something to develop our mines and bring them forward. Although I do not pose as a Progressive, I predicted in 1923 that the prairie provinces, which were then largely agricultural, would become, in the not too distant future, great manufacturing and mining districts. To the great credit of the Dominion of Canada, that has been proven true in the west, as the minister knows. Mining discoveries have been made. About eight or ten different types of mineral wealth have been discovered, and that is a great credit to the western natural resources of this country.

I believe a policy of some system of reasonable subventions or bonuses should be adopted to develop the mines. That policy has been adopted in some of the departments at the present time. The principle is a principle whether it is applied to coal or some other class of mineral. The provinces have applied that principle. Some of the mining areas of new Ontario have been subsidized.

Some progress has been made. I was told in 1923 that I was talking nonsense when I proposed a national hydro-electric policy for the Northwest Territories and for all Canada then. The day is not far distant when this question will be solved. It is true that in Toronto there is not as much Alberta coal as we should like to get. At the present time I believe they are down to a few hundred thousand tons. We have the docks at Ashbridge's bay piled up with coal as high as the galleries. In Alberta coal they are down to two or three hundred thousand tons. We could use 500,000 tons or vastly more. That has taken place since I was the head of the harbour board. A solution of the problem is transportation, plus mining, plus deposed person's extra labour. In Alberta and the maritimes, they have the sites; they have the mines. The only trouble is transportation. The merchant marine is not doing as much as it could do in the maritimes. If we had additional miners in the country to open up the mines we could produce in Alberta and the maritimes a large part of the coal we require.

The school board is willing to take Alberta, Welsh and maritime coal. We should like to get it for our public schools. The boards of education would like to get it. Many of the businessmen would like to get it. I know that the Toronto board of trade which hon. members met the other day would like to get it. They were very glad to see my hon. friends. We hope it will be an annual visit. I see my young friend the hon. member for Fraser Valley here tonight. He is one of those who believe in the policy that I have been pressing here. We hope we shall have hon. members all back next year. If not there, at the trade fair.

I am not going to detain the committee longer tonight. We had a long day today and a long day yesterday. I want to commend the minister for the policy he has inaugurated. I hope it will be extended, so that if an ordinary citizen comes forward and gives security, either through the bank or in the way of a guarantee, the government will not lose any money.

I believe the same principle should be applied to the development of coal as the government has used in connection with housing. Money has been lent through the banks and the banks have been guaranteed. We have spent $89,000,000 in this work and the loss has amounted to only one-fifth of one per cent. We should have some such policy in connection with coal development, because next winter will be a disastrous one for the Canadian people. This has a direct bearing upon public health in Canada. I do not know what our situation will be next winter if we cannot obtain some substitutes for coal to eke out our fuel supply.

I have visited homes of soldiers, and of other people as well, in the riding I represent, and I know what conditions they are living under at the present time. In the lower part of my riding there are a great many soldiers. There are many poor families in that working men's district who are suffering severely. As a matter of fact, it might be called a soldier district. I was indeed surprised to witness the state of affairs in some of the homes I visited. There are people who are living in cellars without any fuel at all. This is a serious state of affairs. It directly affects the public health and is something that is closely related to the housing problem.

The minister is a progressive man and, during the war, he did good work. I would ask him to apply the same policy as in homes to the development of our coal mines. There is no reason why we could not make use of more displaced persons in the coal industry, and at the same time make every effort to solve the transportation problem. We should have proper cars for removing the coal. I have seen Alberta coal in transit once or twice and it was being moved in dilapidated wooden box cars. Some of the coal was falling out. It was being moved in the type of cars used before the war. There was a large vote for our national railways, and I suggest that we should have proper cars for the transportation of our coal and at the same time make use of displaced persons, where possible, as miners to aid, bringing them in for the development of the coal mining industry. If the government would introduce a proper coal policy I am sure it would receive the support of everyone. As it is, I think they have made some progress since the last session.

Mr. CASE: I have listened to the presentation by the hon. member for Calgary West and the hon. member for Davenport. I have known Mr. Brown for some time and he has always been associated with fuel enterprises. I am thinking now of the promotion of natural gas, artificial gas, peat bogs and western coal. That seems to be the latest venture.

I have followed advertisements in the press and have listened to much of his propaganda with respect to this tremendous field.

I recognize that Canada is vulnerable so far as fuel is concerned, and I am inclined to think the minister is interested in finding a solution for our fuel problem. He is as much interested as any other good Canadian would be. He has no ulterior motives and he is anxious to see our resources developed. I should like to have his assurance that geologists connected with the department are acquainted with the quality and the character of the coal.

I have made inquiries, because I had something to do with the handling of Drumheller coal in western Canada. Some would slack easily and would not store over a great period of time, but if this is a rugged type of coal that could stand handling I think some method could be evolved to solve the transportation problem. This coal could be delivered to the head of the lakes, dumped in huge mounds from which it could be transshipped by water so as to get the full benefit of the water rates, which are cheaper than the rail haul.

This may have been all considered and carefully studied; but that is the thought I have in mind, because, after all, it is a transportation problem. When Alberta coal is advertised in my own city of Owen Sound and in the adjacent municipalities, people are glad to have the opportunity of using it. But, as the minister said on a previous occasion, they have not so far delivered more than 500,000 tons to the province of Ontario. Be that as it may, I still feel that if we are to consider, as we are doing at the present time, our disadvantages and disabilities in the matter of United States exchange, we can well afford to consider the advantages of subventions or otherwise in encouraging the use of our native fuel.

I do not think I have much more to say on this question. I believe that the transportation problem could be solved and that the necessary carriage facilities, the railway cars, could be provided so that a great deal more coal could be delivered in Ontario. After listening to the discussion that has taken place in the committee, I do not think this is any new discovery. There is ample coal available in Alberta. They are calling it canthracite, associating it with anthracite, but it is either a lignite or a bituminous coal, as I understand. Having served on the public utilities commission in my city, I may say we bought thousands of tons of coal, and I agree with the minister that we bought our coal without seeing the product at all. We bought it on the strength of its analysis, the B.T.U.'s and ash content. It is a free market as far as we are concerned; if Alberta coal had been available at anything like competitive prices our sympathies would have been with the Canadian product and we would have used it.

We happen to be a lake port, and my suggestion is compatible with our own best interests. If the coal could be hauled to Fort William or Port Arthur, when grain haulage does not make a great demand upon the use of our boxcars, there is no reason why it could not be brought in. I received a good many carloads of coal in my day, delivered in boxcars; not open dump cars. The coal could be rolled down there and piled up for water carriage, and as soon as transportation opened in the spring we could take advantage of the water.

Mr. Brown should be encouraged in his endeavours to interest capital in this venture, and our Canadian railways, both the Canadian Pacific and the Canadian National, should have a sympathetic understanding of the situation. It is only a sixty-mile spur that is involved. I hope their purpose will not be defeated on this account. I have no quarrel with the ministry. I think they are as much concerned about this matter as we are. In the trying days of the war we valued the efforts that were made, and perhaps I should be more complimentary than critical.

Mr. HOWE: This item was passed this afternoon and we have had an hour's discussion. It is obvious that we have reached the stage where every speech is a repetition of what has been said before. Can we not pass the item and allow the Minister of External Affairs to get on with his estimates?

Mr. McLURE: What I am about to say will not consist of repetition.

Mr. HOWE: There is no coal in Prince Edward Island.

Mr. McLURE: I wish to make one statement. It seems that we have got down to personal matters and the personnel of the company. I think the hon. member for Simcoe North made a mistake in his reference to Mr. Brown.

Mr. HOWE: Under what item does Mr. Brown come?

Mr. McLURE: Under the same item under which this discussion has been taking place.

The DEPUTY CHAIRMAN: There is nothing in the item to justify the hon. member.

Mr. McLURE: Then, as a matter of privilege may I say this? I have known Mr. Brown for years. He was one of the best citizens of our province, and he left that part of Canada as a young man. His background of parentage and training at home cannot be duplicated by any man sitting in this house. As one who listened to the hon. member for Brandon introducing him the other night, as he knew him in the west, I can say that no one can have anything against Mr. Brown as an excellent citizen of Canada.

Mr. FERGUSON: Let us be brief about this matter. Let us get down to business and stop wasting time. Personally I have nothing against Mr. Brown. I believe everything that has been said about Mr. Brown is quite correct. I believe no one else in Canada can equal him. But let Mr. Brown, in a businesslike manner approach the minister of reconstruction and, in a businesslike manner—with a stenographer taking down everything he says—for co-operation purposes—lay his case on the table before the proper authorities in this government. If he has anything worthwhile, he will not need to put it in the newspaper as he did and call my attention to it. I have wasted time over Mr. Brown. I waited for Mr. Brown to come to the city of Ottawa on a certain day at eleven o'clock, on the assurance that I as an independent man would lay his case before the house of parliament, and he said he was too busy to keep the appointment. I have never heard any more from the gentleman.

There is a proper channel through which to operate. This is the most important business in Canada to be discussed. Let Mr. Brown lay his case before the government of Canada. If he does not get proper attention, let Canada know the facts, and I will be one of the first to take up his brief. Otherwise, let us dispense with it tonight.

Mr. POULIOT: What about Mr. Jones, Mr. Smith and John Doe?

Mr. IRVINE: I have one question that is not about Mr. Brown. It is well known that we must import a large quantity of coal each year from the United States. It is also well known that we have a great deal of coal in Canada. We have appointed a coal board. Before this item is passed, I should like the minister to say in what way this coal board is expected to increase the production of coal in Canada next year. Exactly what is its function?

Mr. HOWE: The whole purpose of the board is to see that every coal miner in Canada is enabled to work as many days as he can work, to produce all the coal he can, and to see that the coal is marketed appropriately inside or outside Canada.

Mr. POULIOT: The policy the minister has outlined is a good one. With regard to what the hon. member for Beauce said not long ago, it is unfortunate that the same thing is not done in England, that the coal miners there do not work as much as they should, and that the British government does not see to it that they do. If they did that, England would be able to export coal to the value of a billion dollars more each year. Then they would need no help from any other country and there would be no dollar problem. It is socialism that is the cause of all the trouble.

Some hon. MEMBERS: Carried.

DEPARTMENT OF EXTERNAL AFFAIRS

52. Departmental administration, $1,915,860.

Right Hon. L. S. ST. LAURENT (Secretary of State for External Affairs): Some six weeks ago we had a full discussion in the house on the general policies of the Department of External Affairs. With respect to the operations of the department, they are reflected principally in items 52, 53 and 54, which provide the funds required for departmental administration, passport office administration, and representation abroad. The increase in the field of activities of the department is reflected in an increase of $286,000 in the amount asked for in the main estimates for departmental administration, and $1,074,974 in the amount asked for in representation abroad.

In the course of the calendar year 1947, ten new missions were opened and two have been opened since January 1, 1948. It is planned to open a consulate general in San Francisco on July 1, and a consulate in Boston on October 1. None of these missions was operating on a full basis during the past fiscal year, and their operation during the current year accounts for substantial increases in the expenses provided for in these estimates. The increased number of missions has resulted in larger staffs both in Ottawa and abroad. A year ago the total staff of the department was 866. It is now 1,095. This increase in numbers, together with an increase in civil service salaries, has resulted in the greater payroll requirements in the department, which accounts for most of the increase in the estimates.

The other major change compared with last year's estimates is in the contribution toward the expenses of international organizations. The percentages have not been changed but, the budgets of these international organiza-

tions having been increased, our proportion has increased. These estimates were considered in detail by the standing committee on external affairs and were reported the other day as approved by that committee. I have no doubt hon. members will have some additional questions to ask about some points which may not have been brought out in examination in the committee. So far as I am able to do so, I shall be glad to attempt to answer those questions; but I do not think hon. members would wish me to make any more detailed comment at this time.

Mr. HACKETT: It is true that the minister made a lengthy and complete statement on external affairs about six weeks ago. Nevertheless, in the interval there has been a great deal of tension and anxiety; and while, as the minister says, an opportunity was afforded in the external affairs committee to discuss external affairs, there remain a few matters concerning which I am sure the committee would be glad to have a little additional information.

I am not aware that any other department has sent its estimates to a committee. I am not prepared to pass final judgment upon the practice, but I think I am stating a prevailing view among members of the committee when I say there are some advantages in the practice when applied to this particular department. We had the benefit of meeting a number of departmental officials. Mr. Pearson, Mr. Chance, Mr. Matthews, Mr. MacDermot, Mr. Riddell, Miss Burwash, Mr. Moran, Mr. Rae and possibly others were before the committee. On several occasions when questions were asked of these witnesses, the ever-vigilant and paternal parliamentary assistant indicated to the committee that it might not be fair to persist in certain questions to a departmental official; and I think he was right.

We had hoped—and I am sure the minister had hoped—that he would be able to come to the committee. I am sure he could have answered questions by various members of the committee concerning aspects of policy which departmental officials did not consider that they should discuss.

The great preoccupation of the government in the sphere of external affairs, and the principal preoccupation, I believe, of the department, is the maintenance of peace and the entering upon those negotiations which are necessary to give effect to policies which will lead to agreements and understandings that will make peace enduring.

I am going to ask the minister to state what events of importance have taken place in the international field since he made his general review of the international situation some six weeks ago. I ask him to state what negotiations are under way with regard to the partition of Palestine, with regard to the establishment of a government in that portion of Germany which is not under Russian rule, how much longer he expects the Canadian representative on the court in Japan to continue at that post, what are Canada's relations with China at the present time, what further steps if any Canada is taking with regard to the inclusion of Newfoundland in the federation, where there has been any modification in the relationship with the United States concerning seaways, whether anything further has been done in considering the royal style and titles of the king, whether any change in the relations between this country and South Africa has followed in the wake of the recent election in that country and, generally, what has been done toward completing any relationship between Canada and the countries of western Europe, and, in particular, with the other members of the commonwealth, with regard to resisting any possible breach of the peace from any quarter whatsoever.

These are headings concerning which I suggest the minister may feel inclined to make a few comments that would be of interest to the committee.

Mr. ST. LAURENT: Mr. Chairman, I should not like to attempt to make an all-inclusive statement of events which may be of consequence to Canada and which have taken place in the last six weeks. I think we must recognize that practically all happenings of international consequence in the whole world are of pretty direct and immediate interest to us. I would not wish it to be concluded from anything I may say or avoid saying tonight that I regard as matters of consequence only those I mention.

The hon. member has listed quite a number of topics to which I may refer; but I should not like to give the impression that there may not be other matters of importance which have happened in the international field within the last six weeks.

With respect to Palestine, I think the most important and satisfactory event has been the acceptance by both parties of a truce, and their apparent acceptance of the offices of Count Bernadotte as mediator to try to arrange that strife will not again break out in the Holy Land. Canada has been extremely careful to avoid doing or saying anything which might prejudice the peaceful situation which momentarily exists. We have felt that we should be very careful to avoid doing any-

thing that, rightly or wrongly, either party might regard as making any change prejudicial to it, while the truce is in operation.

Mr. HACKETT: Has Canada sent any personnel to Palestine and, if so, under what conditions?

Mr. ST. LAURENT: No, Canada has sent no personnel to Palestine. So far as I am informed, a very small guard of fifty is being recruited voluntarily from the ordinary staff of the secretariat of the united nations, and I believe that that guard was being flown from New York today. It consists of fifty of the regular personnel of the secretariat of the united nations, who volunteered to act as a token guard to assist the mediator in his undertaking to bring about a settlement there.

Mr. HACKETT: Have any Canadians joined that unit?

Mr. ST. LAURENT: No Canadians have joined that unit. My information is that all but five are United States citizens. Two are French citizens who were in the employ of the united nations at Lake Success; one is of Swedish origin, and another is of Danish origin.

Mr. MACDONNELL (Muskoka-Ontario): Do they go as civilians?

Mr. ST. LAURENT: They go as civilians employed by the united nations in a custodial capacity. They were guards of the premises at Flushing Meadows and Lake Success, and they probably went in the uniforms they wore as members of the custodial staff of the secretariat, but about that I am not sure.

Mr. JAQUES: Will those fifty people who are going to Palestine be the nucleus of an international police force?

Mr. ST. LAURENT: I do not know that there is any international police force other than the custodial force the united nations have at Flushing Meadows and Lake Success. They go as bodyguards for the mediator and to assist him in the organization of his office on the island of Rhodes. I think it is for the purpose of bringing together the parties to this dispute and trying to get them to recognize that certain solutions are inevitable and should be accepted without bloodshed.

With respect to the constitution or semi-permanent constitution for the three zones occupied by the forces of the United Kingdom, the United States and France, as I stated some time ago in the house we did not ask to be invited to attend the discussions which took place in London, although we were kept informed of everything that was going on. The reason we did not insist upon being brought in at that time was our recognition of the fact that if we had been brought in, a great many others would also have been brought in and it might have hampered the negotiations which were taking place for this semi-permanent solution. However, we reserved our position that when the peace treaty was being considered we wished to have a role commensurate with the role we had in carrying on wartime operations.

Mr. HACKETT: I understood that Canada has submitted a memorandum suggesting a form of government based on the principle of federalism which might be applicable in Trizonia. The suggested form of government differed slightly from that of our own system, in that the component states were to be the residuary legatees of all power, whereas here the dominion is. If my information is accurate, I should like to know whether we submitted that memorandum on our own initiative or upon invitation.

Mr. ST. LAURENT: It was submitted to the officials of six governments participating in the London talks, as a comment upon the information that was being communicated to us. We have not published the memorandum we submitted, because we thought that, by doing so, it might further complicate the negotiations which were being held. We had nothing of a serious consequence to comment upon in the drafts that we were receiving as being then under discussion in that meeting.

The hon. member asked when we might expect the Canadian representative on the war criminal court in Japan to return to Canada. I am not able to give the exact date, but I may say I had the privilege of having a long conversation some days ago with Brigadier Nolan, who had acted as Canadian prosecutor in these trials. He informed me that the trials had been completed and the cases taken under advisement. He told me that the members of the tribunal would be there only as long as may be required for them to prepare their judgment and reasons for their judgment. I hope that within weeks Mr. Justice McDougall will be back in Canada. At that time I am sure he will be glad to take up his ordinary duties as a member of the court of appeals of the province of Quebec.

The hon. member asked about Canada's relations with China at the present time. There have been no recent developments in that regard.

Then he asked as to what steps, if any, were being taken with regard to the entry of Newfoundland into confederation. As hon. members know, the first vote was not decisive and

the second vote, which will be held on July 22, is to be on two questions only, responsible government and confederation. We have maintained and are maintaining the attitude that, after having made what we consider is a fair offer, it is exclusively the right of the people of Newfoundland to express their acceptance or rejection of that offer. We have been most careful to avoid doing anything that either party might regard as an attempt to influence the votes of the inhabitants of Newfoundland.

Mr. DIEFENBAKER: During the past couple of days I have received a number of representations from Newfoundland in regard to the question to which the minister has just referred. I should like to refer to these and then ask a question. The first representation is in the form of a telegram which was sent to the Hon. the Secretary of State for Commercial Relations in London, and reads:

> The undersigned members of the bar of Newfoundland are of the considered opinion and firmly maintain that the address to His Majesty by the Newfoundland legislature and the Newfoundland Act of 1933 enacted by the British parliament provided specifically that Newfoundland's constitution would be merely suspended and would be restored to the people at their request when the country again became self-supporting. As the national convention has decided that Newfoundland is self-supporting, therefore only two forms of government can be considered and submitted to the people in the referendum, namely, responsible government and commission government.

That was signed by what I am informed is a majority of the members of the bar there. Today I received a telegram which I should like to bring to the attention of the minister. This reads:

> Forwarding information King stated Newfoundland should "indicate clearly and beyond all possibility of misunderstanding their will to become a province."

This telegram then asks if 50 per cent of total electorate or 70 per cent of vote cast would be considered sufficient on the part of the government of Canada to warrant their accepting Newfoundland's application to join the Dominion of Canada. At what point will the government consider that the Newfoundland authorities and the people as a whole desire to be included within the Canadian confederation?

Mr. ST. LAURENT: Mr. Chairman, I cannot say anything that would be binding in that regard. I do not think the government of Canada will attempt to examine the various representations that may be made to the commonwealth relations office or that may be made to others.

[Mr. St. Laurent.]

There was received from the Governor of Newfoundland a communication asking us to receive a delegation from the national convention and then submit such conditions as we would consider fair for the entry of Newfoundland into Canada. Those conditions were submitted. If the authorities recognized as speaking for Newfoundland report that the people of Newfoundland wish to join Canada on the conditions expressed in the proposals that were submitted, it will then, I think, be the responsibility of the government to bring to parliament a recommendation that those conditions be made available to Newfoundland, and it will be for the commission of government or the parliament of the United Kingdom under which that commission of government functions to complete the arrangements, which will in my view no doubt require legislation by the parliament of the United Kingdom and possibly also by the Canadian parliament.

Mr. DIEFENBAKER: It would require legislation by the Canadian parliament to be consummated?

Mr. ST. LAURENT: It would require action by the Canadian parliament. I do not think this government or any other government would venture to consummate a thing of such magnitude without having it decided by the parliament of Canada. It will be the responsibility of the government to make a recommendation to parliament, and the government, of course, will have to accept responsibility for the acceptance or the rejection by parliament of its recommendation. But the government will not attempt to say that it could complete the union without the approbation of parliament.

Mr. DIEFENBAKER: Would the minister not say it would require an almost overwhelming vote of the people of Newfoundland in order to justify Newfoundland being joined to Canada?

Mr. ST. LAURENT: The degree to which the consent of the population of Newfoundland would require to be expressed would have to be appraised by those who are responsible at the present time for Newfoundland affairs. If the government of Newfoundland, having consulted the population, represented to us that the population wished confederation to be consummated I think we would not go behind that declaration to examine to what extent they were justified in making such a representation.

At the present time the constitution of Newfoundland is still suspended, and it is the parliament of the United Kingdom that has legislative jurisdiction over Newfoundland. It

exercises that through a commission of government, but it is under the legislative jurisdiction of the parliament at Westminster and I do not think the British government or the British parliament would act in a manner that it did not feel was proper in the interests of the inhabitants of Newfoundland, after consulting them in these two plebiscites.

Mr. HACKETT: I understand that the government might wish that a statute express the will of parliament on granting to Newfoundland access to the dominion. Does that mean that the minister considers that the provision in the British North America Act concerning the admission of Newfoundland into confederation is but a power to be exercised in the ordinary way, that is, by legislation enacted by parliament. I do not recall the exact words of the British North America Act, but it contains a provision which anticipates the possibility of Newfoundland becoming a province of Canada, and my query is: Does the minister consider that enactment merely as a power which parliament may exercise, or is it something more than that which would only require executive action to carry the admission into effect?

Mr. POULIOT: What difference does it make?

Mr. ST. LAURENT: It makes a difference as to the proper procedure to bring it about. The British North America Act contemplated that there might be union between Canada and Newfoundland on a joint address of the houses of parliament of Canada and the legislature of Newfoundland. That principle could be resorted to; but it would require, in order to be resorted to, the restoration of self-government in Newfoundland, and then joint addresses under the terms of section 146 of the British North America Act. On those joint addresses, union could be consummated by order of His Majesty in council without legislation in the parliament at Westminster or legislation in the parliament of Canada. But if that method is not resorted to, the matter is not expressly provided for and would have to be accomplished by new legislation that could, I suppose, be adopted only by the parliament at Westminster if there were joint addresses from the houses of the Canadian parliament asking that it be done. The parliament at Westminster amends the British North America Act and makes provision with respect to Canada, but only on the request of the houses of the Canadian parliament; and that could probably be the method adopted. The one provided for in the British North America Act would require, as a condition precedent, that self-government be restored to Newfoundland, that a legislature be elected in Newfoundland and that there be an address from that legislature as well as from the Canadian parliament for an order in council.

Mr. HACKETT: I had a little difficulty in following the minister when he seemed to consider the disability of Newfoundland as creating a disability in Canada. I readily understand that the government might wish to pass a statute. I understand that, but I was not certain whether or not it would be necessary in order effectively to carry out the union to do more than pass addresses in Canada; it, of course, being necessary that Newfoundland, in view of the suspension of parliamentary life there, go to Westminster for the authorization which results—I do not say this in any disrespectful way—from its temporary tutelage.

Mr. ST. LAURENT: I think the hon. member is technically right that it would be sufficient to justify legislation by the parliament at Westminster placing Newfoundland within Canada to have addresses from the houses of parliament in Canada, and the agreement of Newfoundland to the legislation would be a matter that would be the responsibility of the parliament at Westminster.

Mr. DIEFENBAKER: One question arises from that. Has the minister given consideration to the Newfoundland Act of 1934? A perusal of that act would indicate that the United Kingdom pledged itself to restore self-government there at any time that Newfoundland became self-supporting. In view of the section of the British North America Act which the minister has just read, and having regard to the Newfoundland Act of 1934 that self-government is to be restored in Newfoundland, would it not be a condition precedent before confederation between the nine provinces of Canada and Newfoundland could be consummated?

Mr. ST. LAURENT: No, I do not think so. I think all we have to do is to look after our responsibility, and leave it to those who have constitutional responsibility for the fate of Newfoundland to ascertain whether they are fulfilling their obligations, whether the obligations arise out of the Newfoundland Act or otherwise. I think we can in perfect confidence leave it to the Newfoundland and British authorities to clear everything required on their side to enable a proper union to be consummated.

Mr. DIEFENBAKER: Has the minister received any representations from Newfoundland, or the people of Newfoundland or any group in that country, against any action on the part of Canada?

Mr. ST. LAURENT: The department would, of course, receive courteously and file anything that would come from any group in Newfoundland, but the department would not act on anything that does not come from those who have the constitutional responsibility for the government of Newfoundland at the present time.

Mr. MacINNIS: With noted lawyers on my right, I was wondering, since the position is now that a referendum is to be taken on two questions—union with Canada or responsible government—if the vote decides for union with Canada it decides against responsible government. Surely the United Kingdom would not then insist that Newfoundland should have responsible government before it could have union with Canada. It seems to me that the question we are discussing is purely academic.

Mr. DIEFENBAKER: It is not academic so far as the people there are concerned.

Mr. MacINNIS: But the people there are going to decide. If they decide by whatever majority they do decide I do not think Canada can say to the authorities in Newfoundland or to the authorities in the United Kingdom, if they should be acting for Newfoundland, that we cannot accept Newfoundland as a province because the decision of the people has not been decisive enough. I claim that this discussion is purely academic until such time as the referendum is taken and we begin to work it out. Certainly we cannot do anything about it tonight.

Mr. CHURCH: I wish to say something on the administration item.

The CHAIRMAN: Order. The discussion is on Newfoundland. We should try to complete that discussion before discussing other subjects. If the hon. member is to speak on Newfoundland it will be proper for him to speak now. If not, would he mind waiting until we have exhausted the discussion on this subject?

Mr. CHURCH: I do not wish to be here all evening waiting for others to speak. I have made a study of this question since I came here in 1921, and am not like some of the amateur diplomats who are now appearing on the scene. I have been following this situation for many years past. I want to find out from the Secretary of State for External Affairs what is or what is not the policy of the government at the present time regarding foreign affairs. We may have an invasion just like a thief in the night, the way it came at Pearl Harbor. What are you going to do about it? There is no use in our pretending that we are a first-class power when we are not. I have never been at one of those UNO conventions because I do not believe in them.

In his opening address this session, the minister said that the foreign policy of Canada was wrapped up exclusively with the UNO. That is the present policy of the government. There is no use in our pretending that we can rely on such agencies any longer. That was shown by the action of Gottwald regarding Czechoslovakia in the deposing of the late president. It shocked the whole human world, and shows us the grave danger we are in. What is this famous UNO in which the minister has confidence? We used to have an empire parliamentary association. They safeguarded our interests so far as foreign affairs were concerned. They forgot all about the empire and became pan-American. We are not a first-class power. We have had two wars to teach us that lesson. You have had this second UNO league of nations. We had the first league of nations on which this country expended nearly $5,000,000 in sending deputations over to Geneva. They built buildings costing fabulous sums of money, millions of dollars in Switzerland and Geneva, and, after that was done, it was found that it was a hollow mockery, a sham and a humbug, and drove us into a second war.

There was not a newspaper in the country except one or two which had three or four lines about the collapse of Geneva, and the buildings there are wasted. We sent these deputations over there, which was supposed to be a consolation prize for those members of the government and others to have a little side trip after the session was over. My hon. friends to the left believed in it. My hon. friends to the left, away back in 1938, six months after Munich, right up to the opening of the war years, asked what was the use of depending on Glasgow and London for defence, when we would get all the defence we wanted in Washington; but we had a rude awakening in 1939.

The second war was caused by whom? It was caused by the very people in England, in Canada and in the other dominions who were members of what they called this league of nations society, which we are now recommending for a $5,000 grant, consisting of well-meaning highbrows, parlour pinks, professors, and others. Britain will come to life again in Canada. There is no use in our depending on any such agencies as UNO and similar societies. It was the proposal of the late great president of the United States to bring Geneva to San Francisco, and New York to Lake Success. Now the congress at Washington wishes to get rid of the UNO. Congress wants

to get it out of the country. Next week a Republican convention is to be held in Philadelphia for the purpose of selecting a candidate for the presidency. Opinions were expressed in congress in favour of getting the UNO out of the country. The second world war had hardly ended when people started their efforts once more to establish a second league of nations, now known as UNO. There was, as everyone knows, a great gathering at San Francisco, and we had our own ambassadors there, ambassadors from our own party and others. They were there trying to learn diplomacy in a day, just like this magnificent institution that the minister has at the present time at Lake Success.

The government has been spending vast sums of money on this UNO institution. It has gone up to nearly $10,000,000, there being an increase this year of $1,074,974 for salaries alone, or a salary total of $5,083,082. Just imagine that! And what did they do at San Francisco? They divided the nations into powers, large and small, and our own representatives were there and agreed to give the Big Five a veto power. Foreign affairs will always be a political issue in this country. It always has been and it is a blessing that it has, instead of a non-party one, by giving a few a trip to such farces as Lake Success. Canada's policy in foreign affairs is the UNO, and "Let us pretend".

In the first war we were not prepared, and yet a million men went from the dominions to participate in the first war. They went under the individual sovereignty status and autonomy of every dominion, and of those men 130,000 fell on the field of battle. Those men enlisted and died of their own volition, and the men of the dominions repeated it in the second war in five times the number. But in the period between the two wars another organization was started up. Efforts of this kind in league of nations societies or peace societies have been a failure for 100 years or more. We remember the concert of Europe from 1815 to 1823, when Russia, Prussia, and Austria formed what was known as the Holy Alliance. They were going to survey conditions in Europe every five years and when war seemed imminent they would endeavour to bring about peace. It was such a humbug that a great prime minister, George Canning, proposed that Britain get out of Europe altogether. It simply led to the Monroe doctrine. The Holy Alliance lasted from 1815 to 1823 and culminated in what has come to be known as the Monroe doctrine. What was that doctrine? In a word, Mr. Chairman, it was nothing more than the supremacy of Britain on the seas. And that is what has maintained the peace of the world for 100 years from 1815 to the great war of 1914—British supremacy on the seas.

There has been talk, since the end of the second war, about a new UNO, and they have opened up in New York, at Lake Success after San Francisco. They have opened up another agency there, and two of the principal supporters and boosters of UNO, the London *Economist* and the London *Times,* have been compelled to say recently it has been a disappointment and a failure, and to demand an end of it.

The fact is that there is no use in our depending on that organization any longer. Are we going to spend another $10,000,000 this year on that organization? What is the use of deceiving ourselves? Why cherish the delusion that UNO can keep the peace? We are as close to war as Churchill has said, as Truman has said, as General Bradley, before the congress committee at Washington, has said, and as the admiral of the fleet at Washington said not so long ago. We are as close to war today as we were in August 1939. We are back where we were then. Conditions have not changed a particle. There is no use in pretending that we can depend for peace on any such agency as the united nations organization at Lake Success. I call it a Lake Failure.

I have been trying to find out what the foreign policy of this country is and I am bound to say that I have failed in the attempt. We have no foreign policy and we never did have one. The foreign policy the minister announced earlier in the session was simply dependence upon the united nations organization. That was the cornerstone of our policy, and if it is the cornerstone of that policy, then I regret to say that I fear invasion. We did nothing to encourage parliamentary association within the empire. We tried to bring on a debate in the spring of 1947 regarding the scuttling of the empire. The empire has been cut to pieces. We have seen what happened in Egypt. We lost our lifeline in the Mediterranean; we lost the Suez canal. And there is Palestine. I will say nothing about that tonight, because we all know what the situation there is.

I repeat, Mr. Chairman, this government has no foreign policy and never did have one; neither did our delegates to the UNO in New York have a policy. Not a soldier was to be sent by Canada or the United States to fight in Palestine. What is the use of Trygve Lie and all his works at the UNO? This second league of nations has tried many agencies, and what does Trygve Lie say about it all?

In my opinion we are simply wasting the people's money at Lake Success. We are throwing $10,000,000 into the sink-hole.

The situation in the Atlantic today is dangerous. The British government, Canada consenting, gave up all its bases from Newfoundland to British Guiana to the United States for ninety-nine years. I pointed out at the time what the result of that would be. I pointed out the effect it would have upon Newfoundland's joining confederation, and my predictions have been justified. What was that lease for? It was a 99-year lease, practically a freehold lease, entered into for a consideration that proved of very little practical value. The lease should have been cancelled long ago and charged up to lend-lease. It was entered into in the darkest days of the battle of the Atlantic, and in return for that lease Britain was given some fifty old, out-of-date ships. Many of them had to go into dry dock, being of no use. Others had no coal. Then Pearl Harbor broke and we got a lesson, and Canada was nearly invaded.

I have been talking about a foreign policy. The United States has never had a foreign policy any more than we have had. For 100 years it has been without such a policy. Its foreign policy was that of Andrew Jackson, George Washington and Madison. And what was the essence of that policy? Simply this: no foreign entanglement unless the shores of America are invaded. When the United States fought the Spanish-American war in 1898 that was the ground they took. Afterwards they wanted to abandon Manila. Our foreign policy now is to depend upon the league of nations at UNO and that we have no commitments; we simply yet take the attitude that "Parliament will decide" if war comes. That attitude, as I have pointed out before, has led to the scuttling of the British empire during the past two years. Britain, together with the dominions, stood alone for two and a half, nearly three years, from 1939 to 1942, against the mighty forces of the enemy, and if the war was to have been lost, then surely it would have been lost in those three years, before aid came. But Britain weathered the storm. If Britain and the dominions do not hang together there is little hope for peace so far as the British empire is concerned.

But not only have bases been given up in the Atlantic; we have given up bases in our own country, Canada, to the United States. Why, I do not know. Surely the United States have enough to do to look after their own country. We have a great ally in the country to the south of us. The Anglo-Saxon race, the British peoples and those of the United States, are the hope of the world for peace in the future; but they must be up and doing, because we are living in an armed world in which there has been no peace and in which there is no real peace now. This will prove to have been a forty-year war before it is all over, from 1914 to 1954. Let us not talk about peace when there is no peace. Look at the situation in India where millions of people are left to be massacred. Look at the situation in Palestine. Look at the Suez. And we know what the consequences were from the invasion of Czechoslovakia. Thousands of men in the Russian satellite countries in the Balkans and eastern Europe are being put to work on dry docks and more are sent to the Arctic circle as slaves from Russia's satellite states. It is impossible to find out from the united nations organization how many people are so treated. No one can find out anything about them, so what use is the UNO? Roumania is gone; the Balkans are gone and all that kind of thing. I am far from satisfied with what has been done in the British corridor over in Germany. Canada has no say over there. We are just a minor power. We consented to be a minor power at San Francisco when the Big Five insisted on and obtained the veto power and all that kind of thing. You will have nothing to say about the peace plans whereas, if you had hung together with the mother country, you would have something to say about them. The situation in South Africa is hopeless. There are those in this house—and I have never been one of them—who speak in eulogy of the late prime minister, Lieutenant General Smuts, of South Africa. He is a republican. He has all along wanted to set up a republic in South Africa. He has always been against having a British governor general, and would not give the ballot to the black troops who marched across the desert with Alexander and Montgomery. He was one of the cabinet of the pro-Germans there before world war II. He also signed the charter of the league of nations. Yet he says now the UNO have no power and no jurisdiction over the colonies.

No country in the world is going to give up its control of its own affairs or sovereignty to any foreign power or any foreign body like the UNO, unless the country is so small or has such poor defences that it could be captured in any event. Who is going to give up his sovereignty? Are we in Canada to do that? One of the minister's deputies went away down to Lake Success and Washington. He has been making some speeches and he is in favour of giving up sovereignty over our bases in Canada to the UNO. Where would we have been in the first war if Britain had given up these bases at the Cape, at Gibraltar, at Suez, or at Hong Kong to a foreign country

or a league of nations? We would have had to remain neutral also in the first and second wars and we would have lost both wars. That is what giving up bases would have meant. Yet we have mischievous representatives away down at the UNO at Lake Success telling us to give up our sovereignty and to let foreign powers establish bases here in Canada and to let them keep the bases they have.

I think that is about all I have to say about that, but there is another point I wish to mention. The minister has referred to the situation in the Suez, in Palestine, in Germany, in China and in India. It is a tragedy. Wait till history is written about the situation in India and all these places. Britain maintained peace, justice and freedom in India for over one hundred years. She did the same thing in Palestine. She took a mandate there. As I said the other evening in the house, there are about eighteen powers claiming a say in the Palestine situation. The Arabs have been there for hundreds of years. Turkey had it. When the first war broke out, Turkey was opposed to us. The Arabs had it. Egypt had it. Rome had it. Persia had it. Greece had it. Syria had it. All these nations have ruled Palestine.

A great mistake was made in what was done at the close of the last war, after General Allenby marched into Palestine. I was on the same platform when he spoke at the exhibition a few years ago and explained the situation. If you are depending on the UNO, you are depending on something that does not exist. It has no defence force. Who is going to be in a defence force to go to Palestine in a situation like that? If you read the articles in the papers and know the truth about it, you will realize the situation.

Wait till the truth is known about the scuttling of the empire in India and the Suez, giving up the whole lifeline through the Mediterranean to a foreign power and the UNO, so that we have no control at all over the Mediterranean. If war came, the enemy could come down through the Red sea and right across into Canada in about half a day. I can tell you this: We are just pretending. What is being done in Germany? Nothing. In Japan the situation is the same. China is on the verge of civil war.

What are we going to do about the title of the king? It is not divisible, in my opinion. We have had legal authority for that. The king is now king of Canada, but no longer is he emperor of India. The scuttling and the dissolution of the British empire have gone on. A large body of public opinion in this country thinks the same way as I do about the state of affairs.

Canada, which was first in the diamond jubilee procession, is today nowhere. We have no foreign policy except that of the UNO, a sham organization, with the extravagance of the external affairs department that goes on down there, $9,000,000 or $10,000,000 being spent in this work, and no security at all. If you look over the estimates you find that thousands and tens of thousands of dollars are just wasted in administrative offices.

Just recently in the city of Toronto we had a trade exhibition to which came people from the seven seas. It was magnificent to see what these trade agents had done the world over, long before we ever had this magnificent organization of ambassadors and consuls general. Wait till the return is brought down for the travelling expenses. Here is a new group of seven or eight of the health department now on the ship bound for Geneva. Several hundred thousand dollars are being spent in one department on travelling expenses. When it is all added up it amounts to $1,000,000, $2,000,000 or $3,000,000 for Canada's travelling expenses. Canada, a small nation with ten or eleven million people, cannot stand that any longer.

There should have been a conference of Britain and the dominions long ago. Mr. Curtin and Mr. Fraser from New Zealand and Australia, from where the Deputy Speaker is now sitting, addressed this house. They wanted to have an empire conference like the ones we used to have every ten years, to take up questions of trade, defence and migration. Sir Wilfrid Laurier had one while he was in power. He proposed a policy for this country that when Britain was at war, Canada was at war also. That was the policy we had in two wars. I have referred to the first war when a million men went voluntarily, under their own status and autonomy, and 130,000 fell. In the second war the situation was the same, except that ten times the number went. That was the policy: when Britain is at war, Canada is at war. If we go into a third war I venture to say the policy will be the same.

Are we to wait until the enemy sails up the St. Lawrence? They were pretty close to it the last time, in 1943, 1944 and 1945. They were up to the St. Lawrence when a secret meeting was held in this chamber in the second war, and they came up fairly far. Thousands of us, if not the whole House of Commons, might have been carted away overseas. They got a long distance up the St. Lawrence. Are we to wait until that happens again? I say no. The way to avoid it is to pretend no longer. There is no use in spending any dollars on the UNO at Lake Success. As I have said before, if they would only close up for about a year, and Canada

get out of it altogether, we would be better off and have a chance of peace and security. ERP or the Marshall plan is just a blueprint. As the Archbishop of Canterbury said the other day in England, he was greatly disappointed in Lake Success and the way the empire had been dissolved. I quoted his remarks in the house the other night and I will not do so again.

I am absolutely opposed to the policy of this government on foreign affairs. I believe that this item should be reduced to reasonable proportions, to about $1,000,000 a year. That would be plenty to spend on such agencies as are now proposed, because you have no foreign policy except the UNO. That is the cornerstone of it. What has the UNO done? It has just dissolved the whole British empire. They want us to give up our bases on the seven seas. If we do so, you know what will happen. We shall have the enemy out here. Owing to this league of nations, we lost two of our great allies in the first war. In the second war you have lost one of them already. I can tell you this, that if you just keep on pretending for another year we shall be just as close to war as we were in 1939, when the second war broke out.

Mr. ST. LAURENT: I believe I had the floor, but I took my seat to allow the hon. member to ask a question—and with the result the committee has seen. However I am quite willing to sit down again if the hon. member for Muskoka-Ontario wishes to ask a question—because I hope it will be a question.

Mr. MACDONNELL (Muskoka-Ontario): It will be a question, and one in regard to Newfoundland—which I take it we can now return to. I wish to ask this question on the point made by the minister as to the constitutional position. I understand that position clearly, and I would ask another question, which, it seems to me, is relevant.

Supposing in fact that the constitutional requirements the minister has outlined are complied with, but that nevertheless we know there is a strong minority—perhaps almost half the people in Newfoundland—who are opposed to any union with us; in the minister's opinion would that be a matter of indifference to us?

Mr. ST. LAURENT: No, I do not think it would be a matter of indifference to us. But we have made an offer to the constituted authorities of Newfoundland, and I do not think we could back away from that offer if the constituted authorities came to us and said, "The majority in Newfoundland want confederation." Of course this parliament might be disposed to say there is not such a decisive majority, in spite of the statement made by the constituted authorities, as would require or justify the carrying out of the offer we made.

My own personal view with respect to these negotiations has been that it would be a serious responsibility to do or say anything which would prevent the entry of Newfoundland into Canada. I may be an optimist, but I do believe that the Canadian nation is destined to occupy an important place in world affairs. I do believe, further, that that place in world affairs would be better preserved by a territory which extended right out to the broad ocean and if access thereto was not closed to Canada by another sovereignty over the territories of Newfoundland and Labrador.

Because of that attitude, we made offers which would involve quite costly requirements from the Canadian people at the present time. But I think we would have been remiss in our duty to future generations of Canadians not to have done so. That offer having been made, if there is a desire on the part of the people of Newfoundland to accept it, I think the government will be disposed to recommend to parliament that it be implemented.

It might be that there would come about in Newfoundland a division of opinion that would show that the time was not ripe for union to take place, and that it would not be easy to have it work satisfactorily in what would then be a new province. That is something which I hope we shall not have to face, and about which I would prefer not to have to express any views, unless we do have to face it. I hope there will be a clear-cut decision in this second vote. I hope it will not be so close as to leave us in the embarrassing position of having to take in a large group of recalcitrants, or having to renounce the opportunity of completing what the fathers of confederation originally intended.

Mr. MACDONNELL (Muskoka-Ontario): One further supplementary question, if I may. I did not understand the minister to say—at least I hope I did not—that by our action we have put it beyond our power to go back if, in fact, there is now a legal acceptance, legally given to Newfoundland, but with a strong and large dissenting minority.

Mr. ST. LAURENT: That matter would be one which would have to be faced in a statesmanlike manner by the authorities in the United Kingdom and those in Canada. They are the ones who have legal jurisdiction. I am reminded of the view I expressed about demo-

cracy. In a democracy the will of the majority must prevail; but a majority should not impose a decision that is not in the real interests of the community, or without giving careful consideration to the views of the minority and the reasons for those views. And I think that when the time comes for a decision as to whether this will be proceeded with or not, the Canadian government and the United Kingdom government will have to take into consideration the facts as they will have appeared from the vote of the people of Newfoundland.

Then the hon. member for Stanstead asked me to deal with two or three other questions, one of which had to do with the St. Lawrence seaway. Members of the committee will recall that the basic agreement was signed in March, 1941, was referred to the senate committee on foreign affairs in the United States, and favourably reported upon this year. But it was recommitted to the committee on foreign affairs by a vote in the senate of the United States on February 27, 1948. That was a vote of fifty-seven to thirty. It is therefore not being proceeded with expeditiously by the United States senate.

There have been reports in the newspapers as to the desire of Ontario and the state of New York to proceed with certain power developments; but there have been no official communications to the government of Canada in that regard and, so far as I know, no application to the international joint commission with respect thereto. There is nothing I can communicate to the committee beyond the information I have obtained from the reading of reports in the newspapers.

Then the hon. member asked me about the royal style and titles. As hon. members will recall, an act of this parliament was passed last year expressing the acquiescence of Canada in the dropping from the royal style and titles of the words, "Emperor of India". We are informed that a proclamation will be issued by His Majesty fixing June 22 as the date from which those words will be dropped from the royal style and titles in the United Kingdom, and the governor in council has adopted a minute of council to have a notice to that effect published in the official gazette, when we get confirmation that that is the date to be acted upon in the United Kingdom.

The hon. member asked if there had been any changes in our relations with the South African government since the election. There have been no changes.

Then he asked what has been done toward building up our relations with western Europe and other members of the commonwealth. There has been nothing accomplished, but what we have been doing was recently reported in the Ottawa *Journal* as a crusade by Canada for the completion of a western union or north Atlantic regional pact. I think that title, of course, perhaps justly describes the attitude we have adopted. We feel that, should war break out that affected the United Kingdom and the United States, we would inevitably be involved and that there might be great value in having consummated a regional pact whereby these western European countries, the United Kingdom and the United States and ourselves, would guarantee each other's security.

We had hoped that the united nations would guarantee the security of all of us, but that has not been accomplished, and we think there would be value in a regional pact whereby these western European democracies, the United Kingdom, the United States and ourselves agreed to stand together, to pool for defence purposes our respective potentials and co-ordinate right away our forces, so that it would appear to any possible aggressor that he would have to be prepared to overcome us all if he attempted any aggression.

We do not think a pact that did not include those major powers would be sufficiently impressive to require us to be a party to it. We think this western union is a good thing, but our adhesion to it without the United States would add very little to it. We are hopeful that it will develop into something which will comprise the United States along with those who are already members, and in that event we think the people of Canada would wish that we also be associated with it, not because we want to assert domination over anyone, but because we realize that if the group in this regional pact became involved in war we would necessarily be involved with them.

That is something that the people of Canada might prefer to avoid, but it is something which they could not avoid even if they wished to. That being so, if there is any value in preparedness we think the people of Canada would be glad to see us making that preparation in a co-ordinated fashion with others whose way of life is the same as ours and whose security is part of our own security. That has not proceeded very far, although there has been the adoption by an overwhelming majority in the United States senate of Senator Vandenberg's resolution recommending the setting up of such a security group.

The hon. member asked what our relations were with the members of the commonwealth. Our relations with the members of the commonwealth revolve around the United Kingdom as being the pivot of the commonwealth. We do not think anything that the United

Kingdom and these western European democracies and the United States would be in is something that we could avoid being in.

Mr. DIEFENBAKER: Have we had any consultations or agreement with the other dominions within the commonwealth that if one is attacked we stand together?

Mr. ST. LAURENT: There have never been any commitments among the members of the commonwealth. They are all subjects of the same crown, which is the living link between them. That has always proved sufficient to have the members of the commonwealth recognize their joint and mutual interests. Of course, during the last war one member of the commonwealth remained neutral, which was its right to do, because there was no commitment. We did not take the same course in Canada. I think there has been a mutual reliance on each other; that the security of all is essential to each. I believe it is a matter of general feeling, but in fact it has never been set out in any signed commitment.

Mr. JAQUES: The minister said, very truly, that some weeks ago we had had a fairly full discussion on external affairs. I understood him to say that we should be careful at the present time not to do anything which might worsen the international situation. But there have been changes in that situation since we last had an opportunity to discuss international affairs.

I wish to make a few remarks on a subject about which I have spoken several times in the past, and I do this for three reasons at least. First, those who are opposed to political zionism find that, because of zionist control of the press and radio, they have no opportunity to obtain publicity for what they themselves stand for.

Mr. CASTLEDEN: Does the hon. member mean control in this country or where?

Mr. JAQUES: Everywhere.

Mr. CASTLEDEN: In every country?

Mr. JAQUES: Yes.

Second, the zionists are busy holding public meetings. I see one was advertised in yesterday's and today's papers for Ottawa.

Third, those of us who have opposed the designs of political zionism in the past have been smeared with anti-Semitism, and it is about time that people realized that those who have supported political zionism are, as a consequence, now shown to be anti-British and pro-Soviet, as I shall prove before I have finished.

First of all, I should like to congratulate the government, if I may, upon resisting the pressure which has been put upon them, particularly by the leader of the C.C.F. party and others outside the house to support violent means of settling partition in Palestine. I say that because, owing to the general ignorance of the public, which has no opportunity of being informed, the government may need some support in their present stand in resisting zionists and Red and Pink pressure. I think I have the satisfaction of being perhaps the only member on the opposition side of this house who can say that a policy which he has advocated from time to time in this house for several years has now been adopted by the government. I am not suggesting for a moment that this has been due to my influence, but just the same it is a fact and I am glad of this opportunity to congratulate the government on their stand.

Since I asked the minister a few minutes ago whether the UNO force which is being dispatched to Palestine would form the nucleus of an international police force, I have been handed a copy of yesterday's *P.M.*, which, on page 9, under the heading "UN's 1st 'Army' of 50 Will Aid Bernadotte," says:

> Clad in blue-gray uniforms, and equipped with standard New York city police department weapons, the half hundred young men of "Lie's Legion" will become the world's first "international police force," responsible exclusively to an international authority.

There are two columns of the article, and toward the end it says:

> The UN secretariat looks upon the newly-born 50-man force as the "core" of a legion which may grow in the near future.
>
> Sooner or later, Lie is expected to request the general assembly for a permanent budget for such a force, thus by-passing, in some small measure, the big power deadlock which has so far prevented the creation of the international army originally contemplated by the charter.

The present situation with regard to Palestine is one of the utmost danger. I am, of course, not making these remarks with the idea of informing the government or even anybody in this house. I am speaking solely for the benefit of those people outside the house who, thanks to the boycott of the press of any other than zionist views, have had little or no opportunity of judging the situation for themselves. It all comes back to the original Balfour declaration, and I shall read it because it is quite evident, when you read the zionist statements, that they misquote the declaration for the purpose of misleading the public. The Balfour declaration stated:

> His Majesty's government views with favour the establishment in Palestine of a national home for Jewish people and will use their best endeavours to facilitate the achievement of this object, it being clearly understood that nothing

shall be done which may prejudice the civil and religious rights of existing non-Jewish communities in Palestine, or the rights and political status enjoyed by Jews in any other country.

The violence in Palestine since the partition plan was approved by UNO surely is the answer to this statement in the Balfour declaration:

. . . it being clear that nothing shall be done which may prejudice the civil and religious rights of existing non-Jewish communities in Palestine.

The fact that the various Arab states are now united and are determined to defend with their lives what they conceive to be their rights is proof enough of that. Yet the whole world is being deluged with a propaganda that nobody has any rights in Palestine except the zionists and that we must all join with them and implement partition by force of arms. Already some two thousand people have, I believe, lost their lives in the fighting, and who can say how many more will not be killed if this policy is pursued?

I have collected a few statements by men whose knowledge of this question and whose standing cannot be questioned. The first I shall quote is Mr. George Hall, now in the House of Lords, but who in 1943 was colonial secretary in the British government. Mr. Hall said:

I must say the attitude adopted by the members of the deputation—

That is the zionist deputation.

—was different from anything which I have ever experienced. It was not a request for the consideration by His Majesty's government of the zionist decisions, but a demand that His Majesty's government should carry out these decisions.

That was George Hall, colonial secretary, 1943.

Then we have Mr. R. H. Crossman, who is a well known member of the British Labour party and a member of the present House of Commons in Great Britain. He was also a member of the Palestine commission which went to Palestine to study the question. He said, speaking of the situation as he found it in the United States when he was a member of the Palestine committee in the United States:

The public and the press—

That is in the United States.

—are almost entirely pro-zionist and anti-British. So we have lots to listen to. Rather we are submitting ourselves to the process of total immersion in the zionist flood. By shouting for a Jewish state, Americans satisfy many motives. They are attacking the British empire; they are espousing a moral cause for which they have no responsibility. The zionists are terrific. They are passionately anti-British and have obviously organized nearly all the American Jews and all the press. The case for the Arabs and the problems of putting a million Jews into Palestine, simply goes by default here.

That is a quotation from the diary of Mr. R. H. Crossman, January 19, 1946. Then, as a possible reason underlying this zionist policy, we have the opinion of George Antonious, one of the great authorities on Palestine.

Mr. POULIOT: Who was he?

Mr. JAQUES: He is a man who has a wide knowledge of Palestine and has written a number of books on the subject which are standard works. He says:

Long ago I came to the conclusion that financial Jewry, both zionist and non-zionist, was furthering the aspirations of fanatical zionism for its own ends, namely, in order to gain possession of the colossal mineral resources of Palestine and greater Palestine, and that they would be kept fallow until such time as they can be developed for the benefit of financial Jewry, preferably under the aegis of a Jewish state.

That is taken from the book, "The Arab Awakening", by George Antonious, at page 387.

Then we have the opinion of Mr. R. R. Stokes, who is also a Labour member of the present House of Commons in Great Britain.

Mr. POULIOT: Who was he?

Mr. JAQUES: Mr. Richard Stokes, member for Ipswich. When I was back in England four years ago I had the pleasure and privilege of discussing various questions with him. He says this:

The UNO committed political suicide when it came to this decision. The Jews have been warned to get rid of these evil zionist advisers. The Americans have an anti-communist policy in Europe; but what is happening now? Communist powers are being brought into the middle east. That is a fact.

I know that Mr. Stokes has visited Palestine and has studied the question on the spot.

Then we have Mr. Zuckermann, who has written a book, "The Jew in Revolt". He says:

The basic tenet of our foreign policy must be friendship with Russia, whose stand in the UN will never be forgotten.

That supplies a very good reason for the fact that the communists are so strongly in support of the C.C.F. at the present time. There is no doubt about it. Mr. Zuckermann continues:

A Jew can do nothing but follow the road shown by the Soviet Union. There is no other way for him. He must fight for social revolution or perish.

These are quotations from men who certainly cannot be accused of any anti-semitic

tendencies. Several of them are socialists and have been to Palestine. They have studied the question on the spot.

Mr. POULIOT: My hon. friend knows that some other socialists are on the side of the Arabs.

Mr. JAQUES: There are always exceptions, of course; but, generally speaking, I should say that the vast majority of what I call the Reds and the Pinks are strong supporters of political zionism.

Mr. POULIOT: The hon. member means that the Reds and the Pinks shake hands under the table.

Mr. JAQUES: I do not know. Perhaps the hon. member can tell me where the red leaves off and the pink begins. It is something that I have never been able to decide for myself.

Mr. POULIOT: Tell me who are the Pinks and who are the Reds?

Mr. MacINNIS: Will the hon. member explain? If the socialists are on the side of zionism, why are there all the difficulties between the Jews in Palestine and the British socialist government?

Mr. JAQUES: Is it a socialist government? I thought it was a Labour government.

Mr. MacINNIS: Find out what they say about it. They will tell you that it is a socialist government. There is no doubt about that. Ask my hon. friends to the right. They say it is a socialist government.

Mr. JAQUES: It calls itself a Labour government.

Mr. MacINNIS: It calls itself a socialist government.

Mr. WYLIE: Why argue about it?

Mr. JAQUES: I do not see the point.

Mr. KNOWLES: It is just as sensible as what we are getting.

Mr. JAQUES: That is all right. Three times in this session your leader has risen in his place and demanded of the government that they force the partition of Palestine, and each time—

Mr. MacINNIS: That is a misstatement of fact. The leader of this group has never demanded any such thing of the government. I am quite satisfied that the government will not say that he has.

Mr. JAQUES: I do not know what else you would call it.

Mr. MacINNIS: I know what you would call it. I also know what I would call it.

[Mr. Jaques.]

Mr. JAQUES: He certainly has opposed me in my stand—and not only that—

Mr. MacINNIS: That would be sensible, in any event.

Mr. JAQUES: When I sit down you can rise, and I shall be interested to hear a member of the C.C.F. party defend their policy of pro-zionism and pro-sovietism in the house at the present time. That is the policy which they have followed consistently in the past.

Mr. MacINNIS: Mr. Chairman, that is another misstatement. This party is neither pro-zionism nor pro-soviet. I insist that the hon. member withdraw it.

Mr. JAQUES: I am not going to withdraw it.

Mr. MacINNIS: I will tell you what it is. It is a lie. You can do with that whatever you like.

Mr. JAQUES: The C.C.F. are certainly judges of lies; they are experts.

Mr. MacINNIS: We have been listening to lies for a long time.

Mr. JAQUES: Point out one that I have told and I shall be obliged to you.

Mr. MacINNIS: I will tell you one right now.

The DEPUTY CHAIRMAN: Order. The hon. member must not interrupt.

Mr. JAQUES: Of course you C.C.F. do not like being reminded of it. You cannot defend the line you have been adopting in the past. You have been pro-zionist, and today, for all the world knows—it is known today—

The DEPUTY CHAIRMAN: Order. I must ask the hon. member not to refer to other members. Let him make his speech without bringing in other members.

Mr. MacINNIS: The hon. gentleman is trying to defend his anti-semitism by labelling us as pro-zionist. The thing will not work.

Mr. JAQUES: I beg your pardon, Mr. Chairman, for not addressing the Chair. I have been trying to state that the foreign policy of the C.C.F. in the past has been consistently pro-zionist, and it is now plain for all the world to see that the zionists are, by their own statements, blatantly anti-British and pro-Soviet Russia.

Mr. MacINNIS: The hon. gentleman is going too far, Mr. Chairman, and I insist that he withdraw the statement that we are pro-zionists.

Mr. JAQUES: I was going to say a word—

Mr. MacINNIS: Mr. Chairman, are you going to ask the hon. gentleman to withdraw the statement, which he has repeated several times? I make a point of it, that he withdraw the statement that this party is pro-zionist. There is nothing on the record here that justifies that statement.

Mr. JAQUES: I think—

The DEPUTY CHAIRMAN: The hon. member is expressing his own opinions. I have no right to stop him from expressing his own opinion, but I would ask him to deal with the estimates of external affairs without bringing in other members of the house.

Mr. JAQUES: I will do that, Mr. Chairman. Thank you. I was going to remark that Sir Ellsworth Flavelle, whose advertisement on behalf of zionism is in today's local papers, has as much right to espouse political zionism as I have to oppose it. I am not quarrelling with that. But I would remind the house that Sir Ellsworth was formerly chairman or president of the Canadian Soviet friendship council.

Mr. POULIOT: Who was that, please?

Mr. JAQUES: Sir Ellsworth Flavelle. He is president of the Canadian zionist league and is advertising in the local papers on behalf of political zionism, calling upon Canadians to implement partition. I merely quote it to remind the committee that formerly he was president of the Canadian Soviet friendship council, which may or may not have any significance.

I should like to quote the New York *Times* to show what the situation is in the United States. I have here the New York *Times* of Monday, June 7, in which there is a column headed "Stand by Israel". The article is a long one, and I will read only one paragraph:

> Meanwhile, the Bronx, Brooklyn and Long Island regions of the zionist organizations also held conferences. The meeting at the Riverside Plaza hotel heard Daniel Frisch, vice-president of the Zionist Organization of America. He asserted that "whether a boycott is officially called for or not, I cannot visualize any American worthy of the name, be he Jew or non-Jew, who will in the light of current events purchase any British-made goods, utilize any British services, or associate with the British, because to me they are the untouchables of this generation."

So now these people who have been so busy supporting the zionist cause and who have smeared those of us who ventured to disagree with them, because we knew the danger that was bound to come as a result of zionism, are in this position. They are on the side of those who consider the British—certainly we are British; I am anyway- -to be untouchables, and they call for a boycott of all British goods and services. I am thankful I do not have to reverse my policy of the past in respect of zionism.

Of course, the dilemma of Americans is this, that in Europe they are anti-soviet, but they are pro-zionist in Palestine; therefore they are pro-communist in Palestine and, as a consequence, largely pro-communist in the United States. And the Canadian pro-zionist dilemma is this, that if they are pro-zionist they are anti-British and pro-soviet. Speaking of boycotts—

Mr. MacINNIS: Eleven o'clock.

Mr. JAQUES: I realize that this is painful for you, but we have agreed to go on until we finish the estimates.

Mr. MacINNIS: Who agreed?

Mr. JAQUES: I think we all did.

Mr. MacINNIS: I did not. Eleven o'clock.

Mr. JAQUES: Anyway, I was about to mention—

Mr. MacINNIS: Eleven o'clock, Mr. Chairman.

Mr. JAQUES: —an incident in regard to the boycott which the zionists have declared in the United States. That is all right; it is their privilege. But when an insignificant little man in Vancouver ventured the same idea with regard to the zionist Jews the whole force of the law descended upon him.

Mr. POULIOT: Who is that insignificant little man in Vancouver?

Mr. JAQUES: I do not know that I can remember his name.

Mr. POULIOT: Is it the former minister of veterans affairs?

Mr. JAQUES: I believe his name is Graham. It is a case that was decided in Vancouver some time this spring. I have not seen what he wrote, but I understand that he was advocating the boycott of zionist Jews until they learned to behave themselves.

Mr. POULIOT: He was not the former minister of veterans affairs.

Mr. JAQUES: No. He is quite insignificant, but in this case the whole weight of the law descended upon him and he was sentenced to three or four months' imprisonment and ordered deported. Are we to learn from this that in Canada we may not criticize another sovereign state, which the zionists claim to be today? They claim that the state of Israel is a sovereign state. Is it to be a criminal offence

to criticize the policies of that country; because, if it is, it is just as well to know it? In my opinion, that was a shocking miscarriage of justice, though I am not a lawyer.

In conclusion, may I say that those who think communism is an economic threat, that the Tim Bucks are the threat to the country, and that we can prevent communism by socialistic reform, are either very stupid or very misleading, because communism is not mainly an economic policy. When you come right down to the bottom of it, you will find that it is based on a religion and that the drive of world communism is nothing but the drive to enforce an alien, anti-Christian culture on the world.

Mr. POULIOT: Therefore your address is more of a sermon than a speech.

Mr. JAQUES: You can call it what you like, but I think I can say this. I am possibly the only one in this house, as far as I know, who so far has had the courage to tell the truth about this zionist question as I see it. Perhaps others do not see it. What I have said, I believe. As I said before, I have at least the satisfaction of knowing that the government has veered against the demand of political zionism to enforce partition; and I can only say in conclusion that I congratulate them upon that.

Mr. POULIOT: Mr. Chairman—

Mr. MacINNIS: Eleven o'clock.

Mr. POULIOT: If it is eleven o'clock, I will sit down.

Mr. MacINNIS: It is after eleven o'clock.

Mr. POULIOT: If the sitting goes on, I have questions to ask.

An hon. MEMBER: Ask the question.

An hon. MEMBER: Eleven o'clock.

The DEPUTY CHAIRMAN: Will the hon. member ask his question?

Mr. POULIOT: I should like to know if the Palestinian problem is racial, religious or economic.

Mr. MacNICOL: That is a poser.

Mr. KNOWLES: A little of all three.

Mr. ST. LAURENT: The Palestine question is an unfortunate fact that must be recognized. I think it arises out of grounds that are at the same time religious, racial and economic. It would be difficult for anyone to assess exactly the proportionate influence of religious feeling, racial antagonism and economic interests in the difficulties that create that problem.

[Mr. Jaques.]

The DEPUTY CHAIRMAN: Shall the item carry?

Some hon. MEMBERS: Carried.

Mr. POULIOT: No. I thank the minister for what he has said, and I appreciate the fact that he has answered the question that was put to him. But I have in my hand here what was said about the new streamlined Conservative party—

Mr. MacNICOL: What is that?

Mr. POULIOT: It is from the *Journal*. It is a dispatch of June 11 in the *Journal*. Today I listened to the excellent speech made by the hon. member for Broadview and to the satisfactory explanation given by the minister. But I find that the debate on external affairs has not been serious. When I consider the ability, experience, geniality and knowledge of the hon. member for Stanstead and the questions he has put, I do not think they are questions that a man of his experience and gifts should have put on such an important matter, a matter that would be one of life and death for so many citizens if we were to be at war. I read what has been said about the Progressive Conservative party in Canada:

> The Progressive Conservative party in Canada has reached a point where "we must have our efforts bent in a common direction," Ivan Sabourin, Quebec provincial party leader, today told the closing session of the Progressive Conservative Association of Manitoba convention.

Then he made some remarks about the Liberals, and the article continues:

> He advocated a "firm, decided direction" and said that "under the efforts of our leader the ship is being righted while the Liberal ship will continue to sink."

Where was the leader of the Progressive Conservative party when this most important discussion on this matter took place? He became a backbencher.

Mr. MacINNIS: On a point of order, Mr. Chairman, we have been sitting in this house from eleven o'clock in the morning until eleven o'clock at night, and I do not intend to stay here beyond eleven o'clock.

Item stands.

Progress reported.

BUSINESS OF THE HOUSE

Mr. KNOWLES: What is the business for Monday?

Mr. FOURNIER (Hull): On Monday we shall consider a resolution in the name of the Minister of Trade and Commerce to approve the international wheat agreement. Then we

should like to move forward a step the resolution in the name of the Minister of Agriculture to continue the Agricultural Prices Support Act, 1944, for a further period. Then there is to be dealt with a resolution in the name of the Minister of Veterans Affairs to remove the time limit in which an application for pension in respect of death may be made under the Civilian War Pensions and Allowances Act; then Bill No. 362, to amend the Yukon Placer Mining Act; Bill No. 363, to amend the Yukon Quartz Mining Act, and Bill No. 364, to amend the Saskatchewan Natural Resources Act. If we conclude those different items we shall move to go into supply and take up the estimates of the departments of external affairs, agriculture, mines and resources and public works.

Mr. MacNICOL: May I ask the minister if he is able to tell the house how many items of supply are yet to be called?

Mr. MacINNIS: How many departments?

Mr. FOURNIER (Hull): All the departments are in, but we undertook to make, during the first three days of each week, a formal motion to go into supply.

Mr. KNOWLES: About half the items have been passed.

Mr. FOURNIER (Hull): Yes. I think more than half have been passed.

Mr. MacNICOL: I heard someone say today that there were three hundred or four hundred items yet to be called, but the minister is not able to tell us just how many?

Mr. FOURNIER (Hull): I can give the departments that are not completed. There are about ten or twelve items left in the Department of Agriculture; one item in the auditor general's department, and fifteen or sixteen items in external affairs. Then there is finance, fisheries, legislation, labour, mines and resources, national defence, national revenue, the Prime Minister's office, with regard to which there are few items, and public works.

Mr. HACKETT: Is the minister able to say if Bill No. 351, to amend the Quebec Savings Bank Act, which stands in the name of the Minister of Finance, is apt to come up on Monday?

Mr. FOURNIER (Hull): No. I believe those two bills in the name of the Minister of Finance will be called on Tuesday, unless there is some change. But they will not come up on Monday.

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

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

DEPARTMENT OF RECONSTRUCTION AND SUPPLY

408. To provide for the liquidation of contracts, including commitments of previous years related to the acquisition of assets operated by the department or an agency of the department; and for miscellaneous and unforeseen expenses, $500,000.

409. Reconstruction projects, subject to allocation by the treasury board, $1,000,000.

Housing development, including commitments of previous years—

410. To provide for payments of amounts owing under guarantees pursuant to item 571 of schedule A to the Appropriation Act No. 5, 1947 (and pursuant to corresponding items in previous appropriation acts) to approved lending institutions in respect of loans made for the purpose of financing the conversion of existing houses into multiple family houses, such payments to be made out of unappropriated moneys in the consolidated revenue fund, $1.

411. Home conversion plan, $50,000.

412. Emergency shelter—administration, $3,000,000.

413. Wartime Housing Limited, $50,000,000.

414. Cost of moving houses from one locality to another to meet emergency shelter requirements, $500,000.

415. Incentive bonus to industry to expedite the production of strategic building materials, $370,000.

416. To provide for production and transportation subsidies on steel and iron under such terms and conditions as may be approved by the governor in council, $5,000,000.

417. Administration, reconversion and operation of Canadian Arsenals Limited, $2,900,000.

418. To provide for research and development of jet engines and aircraft, $2,000,000.

396. Administration and investigations of the dominion fuel board, $82,608.

397. Payments in connection with the movements of coal under conditions prescribed by the governor in council, $4,500,000.

National research council—

398. Salaries and other expenses of the national research council, $6,820,000.

399. Expanded research on the utilization of farm crops, $260,000.

400. Industrial chemistry building (formerly included housing research), $65,000.

401. Grant to the Royal Society of Canada, $8,000.

402. New waterline—Montreal road laboratories, $125,000.

403. Maritime regional laboratory, $150,000.

Atomic energy control board—

404. Administration expenses of the atomic energy control board, $77,272.

405. Researches and investigations with respect to atomic energy, $142,500.

406. Chalk River project—capital and operating expenses, $5,796,000.

HOUSE OF COMMONS

Monday, June 21, 1948

The house met at eleven o'clock.

NEW MEMBERS

Mr. SPEAKER: I have the honour to inform the house that the Clerk of the House has received from the chief electoral officer certificates of the election and return of the following members, viz:

Of Owen Lewis Jones, Esquire, for the electoral district of Yale.

Of Arthur Williams, Esquire, for the electoral district of Ontario.

NEW MEMBERS INTRODUCED

Owen Lewis Jones, Esquire, member for the electoral district of Yale, introduced by Mr. Angus MacInnis and Mr. J. H. Matthews (Kootenay East).

Arthur Henry Williams, Esquire, member for the electoral district of Ontario, introduced by Mr. Angus MacInnis and Mr. Clarence Gillis.

Rodney Young, Esquire, member for the electoral district of Vancouver Centre, introduced by Mr. Angus MacInnis and Mr. H. G. Archibald.

PRINTING COMMITTEE

Second report of the joint committee on the printing of parliament.—Mr. Emmerson.

QUESTIONS

(Questions answered orally are indicated by an asterisk).

BATTLE OF THE ATLANTIC—MERCHANT SEAMEN

Mr. CHURCH:

1. Has any action been taken to compensate the 18,000 merchant seamen who aided the transport of food on the Atlantic during the battle of the Atlantic?
2. If not, what action will be taken this session?

Mr. WINTERS:

1. This information may be found in the answer given to a question at page 1651 of *Hansard* of March 24, 1947.

2. The question of additional benefits to merchant seamen is under discussion by the special committee on veterans affairs.

CANADIAN NATIONAL RAILWAYS—HOTELS

Mr. MOORE:

1. What is the estimated cost of the new hotel being built by the C.N.R. adjacent to the central station in the city of Montreal?
2. What is the estimated tonnage of steel planned to be used in its construction?
3. What is the cost per ton of this steel?

Mr. WINTERS:

The Canadian National Railways advise as follows:

1. The C.N.R. is not engaged in the building of a new hotel adjacent to the central station in Montreal.
2. See answer to No. 1.
3. See answer to No. 1.

INDIANS—TUBERCULOSIS—USE OF VACCINE

Mr. GAUTHIER (Portneuf):

1. Has any scientific research been made in Canada concerning the effect of the B.C.G. vaccine against tuberculosis upon Indians?
2. What use was made last year of such vaccine in the case of the Indians of the province of Quebec?

Mr. MARTIN:

1. Yes. A study financed by an annual grant from the national research council was started in 1932. It has been carried on by a medical officer of the Department of National Health and Welfare, Dr. A. B. Simes of the Fort Qu'Appelle Indian hospital, under the direction of Dr. George Ferguson, medical superintendent of Saskatchewan Anti-Tuberculosis League. Since 1932, every other baby born in the area served by the Fort Qu'Appelle Indian health unit has been vaccinated with B.C.G. and records and frequent X-rays of all these cases have been carefully studied. The vaccine itself was obtained through the co-operation of Dr. Armand Frappier, of the university of Montreal. Results indicate that the vaccinated children are not as susceptible to tuberculosis infection as the unvaccinated, and of the vaccinated children who developed the disease, a higher percentage of cures is obtained than in the unvaccinated.

A report was made this year at the annual meeting of the Canadian Tuberculosis Association by Doctors Simes and Ferguson, which showed that 600 Indian children had been included in this study and that infection occurred approximately five times as frequently among the unvaccinated as among the vaccinated.

2. With the co-operation of Dr. Armand Frappier, director of the Institute of Microbiology, university of Montreal, and his assistant, Dr. Roland Guy, helped by the personnel of the directorate of Indian health services, eight reserves with a total population of 2,479 were given a tuberculin test and all the negative reactors amounting to 837 were vaccinated with B.C.G. Coinciding with this program, six field nurses of the directorate of Indian health services were given instruction in B.C.G. vaccination, so that this program can be carried on at other reserves this year. All newborn babies of these reserves were vaccinated with B.C.G. at birth. There were about 50 newborn babies who received this vaccination.

QUESTIONS PASSED AS ORDERS FOR RETURNS

H.M.C.S. "TEMERAIRE"—ACCIDENT AT TORONTO

Mr. CHURCH:

1. Will an inquiry be held into the accident of H.M.C.S. *Temeraire* at the foot of Dowling avenue in Toronto last Sunday when a loaned launch blew up injuring several officers of this station, and other guests?

2. What action has or will be taken in the matter?

3. Has the government any liability in the matter?

4. Who owns this station and what uses does it perform?

5. Will a court of inquiry be held, and when?

Mr. GIBSON (Hamilton West): Return tabled.

BUILDING USED IN CONNECTION WITH LOADING OF CARGO AT HALIFAX

Mr. BLACK (Cumberland):

1. Did the government or the Department of Labour have a "dispatching building" or "hiring hall" at the port of Halifax during the war to accommodate men employed in loading cargo or for other work?

2. If so, from whom was such building secured and what was the cost or yearly rental, stating period?

3. What has been paid yearly for (a) equipment; (b) caretaker; (c) fuel, and to whom have payments been made?

LEGAL SERVICES

Mr. DIEFENBAKER:

1. What lawyers practising in (a) city of Montreal; (b) city of Toronto; have performed legal services or have been retained as solicitors or counsel by any department of government since the 1st of January, 1947?

2. How much has been paid to each of said lawyers?

[Mr. Martin.]

MOTIONS FOR PAPERS

CANADIAN MARITIME COMMISSION

Mr. ISNOR:

For a copy of all letters and other communications which have passed since January 1, 1947, to the present time between the Minister of Transport or any of his officials or members of the Canadian maritime commission, and any board of trade organization, group or individual respecting appointments to the Canadian maritime commission.

Mr. CHEVRIER: I understand from the hon. member that the information he requests has to do with appointments to membership of the Canadian maritime commission and not to its personnel. If that is what is in the hon. gentleman's mind, there would be no objection.

Mr. ISNOR: The reference in the motion is to appointments to the Canadian maritime commission.

Mr. SPEAKER: Carried as amended by the minister.

OATS AND BARLEY—AMENDMENTS TO WHEAT BOARD ACT

Mr. DIEFENBAKER:

For a copy of all letters and correspondence that passed between the federal government and the governments of each of the provinces of Alberta, Saskatchewan and Manitoba since the 1st of January, 1948, respecting the amendment to the Wheat Board Act in any manner relative to the handling of oats and barley.

PURCHASE OF FORD HOTEL BUILDING, MONTREAL

Mr. DIEFENBAKER:

For a copy of all letters, documents, memoranda of telephone and other conversations since the 1st of January, 1947, in possession of the dominion government, regarding the negotiations concerning the offer to purchase or the purchase of the Ford hotel in the city of Montreal?

EXPENDITURES BY GOVERNOR GENERAL'S WARRANT

Mr. HANSELL:

For a copy of all governor general's warrants for expenditures other than moneys voted by parliament as from March 31, 1947, to date.

WHEAT

APPROVAL OF INTERNATIONAL AGREEMENT OPENED FOR SIGNATURE AT WASHINGTON, MARCH 6, 1948

Right Hon. C. D. HOWE (Minister of Trade and Commerce) moved:

That it is expedient that parliament do approve the international wheat agreement opened for signature at Washington on March 6, 1948, and that this house do approve the same.

He said: Mr. Speaker, in moving this resolution I am asking the house to approve Canada's participation in the international wheat agreement which was opened for signature at Washington on March 6, 1948, and signed on behalf of thirty-six countries, including Canada. No additional legislation is required to implement this agreement so long as the present authority remains under the Canadian Wheat Board Act or under the Export and Import Permits Act.

Formal acceptance of this agreement is required by July 1 of each of the countries whose legislative bodies have been in session since the agreement was signed. For example, I understand that the agreement is now before the United States senate for ratification as a treaty, in order that the United States government may give its formal acceptance by July 1, and in order that the agreement may become operative commencing with the new crop year on the first of August.

I think that members will be interested in hearing something of the background leading up to this agreement. I need not dwell on the pre-war period, or on the international agreements and proposals of those days, beyond pointing out that the terms of those earlier agreements were quite different from the terms of the agreement we have before us for approval today. The old idea was to influence prices indirectly by regulating or restricting supplies. The present agreement is a multilateral contract covering the sale of wheat. It is a price and quantity agreement drawn up between three exporting countries and thirty-three importing countries, and does not in any way affect additional wheat transactions, either between member countries or with non-member countries once the transactions provided in the agreement are met.

Since the end of the war, this government has consistently supported the objective of obtaining a measure of stability in international wheat prices. With the hearty support of our wheat producers' organizations we instructed our officials to further these views with other governments, both through the international wheat council and through the food and agriculture organization.

By the spring of 1946 it was apparent that an international agreement on wheat prices could not be reached in time to affect the 1946-47 crop year, and in lieu thereof Canada concluded a bilateral contract with its principal wheat customer, the United Kingdom. In the meantime, negotiations toward an international wheat agreement were continued, one conference being held in London in the spring of 1947, at which agreement was almost reached, and the second conference being held in Washington early this year, at which the present agreement was concluded.

The agreement involves the annual sale of 500 million bushels of wheat over a period of the next five crop years, of which Canada's share is 230 million bushels. This figure represents our normal export surplus from crops grown on our existing acreage. The agreement provides for a range of prices all based on No. 1 northern wheat, in store Fort William-Port Arthur, with a uniform ceiling of $2 over the five-year period and floors commencing with $1.50 in the first year and declining by ten cents per year until the floor of $1.10 is reached in the fifth crop year. Each of the importing countries is assigned a share of the total 500 million bushels, and they have the right to buy and the exporting countries have an obligation to sell these quantities at the ceiling prices. Conversely, the exporting countries have a right to sell and the importing countries an obligation to buy these same quantities at the floor prices. In brief, this means that the importing countries have an assurance of supplies at not more than ceiling prices, and the exporting countries have the assurance of a market at not less than floor prices to the extent of the agreement quantities.

As I mentioned before, the agreement in no way affects wheat purchases by the member-importing countries in excess of their commitments under the agreement from any source whatever, nor does it affect the sales of the member-exporting countries if they have wheat for sale in excess of their commitments. The 500 million bushels in the agreement by no means exhausts the current volume of the world wheat trade, which is running upwards of 850 million bushels per year.

It has been frequently mentioned that Argentina and Russia are not parties to this agreement. They were given every opportunity to join, but they declined. Because the agreement is in the form of a sales contract, its operation and the interests of its member countries are not affected by the absence of these two countries. Under surplus conditions, it can be assumed that Argentina and Russia will offer their wheat below the floor prices set out in the agreement. Canada, Australia and the United States, however, have the protection of floor prices on their normal export surpluses, and are free to meet Argentine and Russian competition on any additional quantities they may desire to sell. On the other hand, should the importing countries produce more of their own wheat, their imports will be maintained from Canada, Australia and the United States, while diminishing from other sources.

The international agreement does not limit our rights under the Canada-United Kingdom wheat agreement. The fixed price of $2 per bushel for the third year of that agreement will continue in force for the 1948-49 crop year on our sales under the contract to the United Kingdom. The price for the fourth year of the contract is to be negotiated under the terms of the contract before December 31 of this year.

The agreement is noncommittal on the issue of state versus private trading between the member countries. Under the same agreement the Canadian and Australian wheat boards will continue for the present to make wheat sales for their respective countries, while wheat sales from the United States will be made by the private trade. Flour exports from each of the three exporting countries are to continue under private trade. Because of the breadth of the price ranges there is ample room for the operation of markets within the limits of the price ranges. What the agreement accomplishes is to rule out the extreme situations beyond either end of the price range which have hitherto brought undesirable consequences in their wake and which have been the main source of resentment against the open market system as it has operated in the past.

Because of the variations in our crop yields and consequent uncertainty of supplies, it has been impossible for us to deal as a single exporter with a number of our other wheat customers on the same basis as we have been dealing with the United Kingdom for the past two years. By combining the resources of the three wheat exporting countries under an international agreement, it will be possible for us to deal with all our wheat customers alike in return for like obligations on their part, and on the same terms in which they are being dealt with by the United States and Australia, if the international wheat agreement is formally accepted by the countries concerned.

It seems to me, Mr. Speaker, that this wheat agreement is very much in the interests of Canada, and I recommend its acceptance.

Mr. JOHN BRACKEN (Leader of the Opposition): Mr. Speaker, the resolution before us asks us to approve a wheat agreement between three exporting countries and thirty-three importing countries. So far as the facts are concerned the minister's statement, I think, covers the situation very well. I do not propose to take up very much of the time of the house, but the situation does deserve some comment, even though the measure will no doubt pass the house unanimously.

No one in Canada, I think, would have any opposition to the objective of this agreement. The difficulty in connection with wheat in the past has been its wide fluctuations in price, due partly to widely differing volumes of production, and sometimes to international interference. Within a very few years the price of wheat has varied from 40 cents to $3.40 per bushel. When the price is $3.40 a bushel our wheat farmers are prosperous, while those who import wheat feel very differently about the price. When it is 40 cents a bushel, or anything approaching that figure, our wheat farmers go broke and our economy becomes disturbed. It is for this reason that for more than two decades efforts have been made to lessen these wide fluctuations in price, but for the most part, I am afraid, not with much success.

The objective, I say, of this measure is most laudable. But the plan now before us is in my judgment inadequate and unfinished, and far from being a perfect instrument to meet the situation. The results, therefore, from its passage are likely to be disappointing to Canadian producers if they are expecting large results from this measure in its present form.

The minister has referred to the background leading up to the present situation. I should like also to refer to that background. As the minister stated, this is not the first wheat agreement into which Canada has entered, and it is not the first wheat agreement into which this government has entered. The experience of this government in connection with international wheat agreements has not been such as to offer much promise in the way of good results. Nevertheless, that is no argument against our continuing to try to get an instrument that will get us the results we want.

What have been the experiences of recent years? In 1942 the Canadian government entered into a temporary wheat agreement seeking to achieve some price stability when the war was over. One provision of that agreement was that if a final agreement as to price had not been completed by six months after the end of hostilities, the price charged for export wheat would be the amount received per bushel by the largest exporter for the last bulk shipment to the chief importer. It turned out that that was a shipment from Canada to the United Kingdom and the price was $1.55 a bushel. This agreement of 1942 was agreed to by several different nations, but what happened? The Canadian government alone adhered to that agreement, and no other party to the agreement did. The result was that other nations sold their wheat at much higher prices, and

Canada and Canadian farmers thereby lost scores of million of dollars. There were no doubt other reasons why that particular price was accepted by the Canadian government, but that agreement to which Canada alone adhered was the initiation of this price of $1.55 a bushel.

Then in the year 1946 this government entered into another international wheat agreement called the United Kingdom-Canada agreement, commonly known as the British wheat agreement. It was an agreement between those two countries providing for the sale by Canada of four crops of wheat, or the huge volume of 600 million bushels, at a price starting at $1.55 a bushel and subject during the four-year period to adjustment, but never to go below, I think, $1 a bushel. No other nation followed that policy. Every other nation sold its wheat for what it could get, and many of them got in different years twice as much, and some of them nearly three times as much, for certain sales of wheat as Canada got. Yet Canada sold at $1.55 and let her farmers take the loss.

Now we come to the present agreement of which the minister has spoken. Three exporting countries, Canada, the United States and Australia, undertake to deliver 500 million bushels of wheat per year to thirty-three importing countries under certain conditions with respect to price and amounts.

My first observation with respect to this agreement is that the Argentine is not in it. There was an earlier wheat agreement entered into in 1933, not only Canada, the United States and Australia were in that agreement, but the Argentine was in it too, and certain of the Danubian countries. That agreement of 1933 collapsed. Why? It collapsed, according to report, because the Argentine broke the terms of the agreement. Well, if the Argentine's withdrawal from that agreement caused its collapse, what prospect is there of an agreement with the Argentine not in it at all? Not only is the Argentine not in it, but as the minister pointed out, the Danubian countries are not in it, and Russia is not in it. I am not aware that Russia was ever in any of those agreements, but certainly the Danubian countries and the Argentine were.

Let me refer now for a moment to the 1933 agreement, which was made before the present government came into power. The discussions regarding it started in 1929, almost twenty years ago. The agreement itself was consummated in 1933. The discussions arose at that time not because conditions were similar to those of today, but surpluses were depressing prices. Prices were low; the producers were concerned, and even purchasers in Europe were concerned. Because of those low prices, certain governments over in Europe, which used to import large amounts of our wheat, had put tariffs against our products until in certain of these western European countries they were paying two or three times as much to their own growers to produce wheat as they needed to pay to Canada to get our wheat.

It was under these circumstances that these discussions took place. If my memory serves me correctly, five groups of exporting countries, the chief exporting countries of the world, entered into an arrangement with about tweny-five others which I might call importing countries. It might be more correct to say that the surplus-producing countries entered into an agreement with the deficit-producing countries, the countries that did not produce enough of this commodity to feed their own people.

Let me refer now to this immediate agreement. We are told that Australia has approved of this agreement, subject to the United States approval later on. I do not know whether Australia gave its approval subject to Canadian approval also, but probably that is so. Of the three exporting countries in it, only one has given it qualified approval.

With respect to the United States—now probably the most important member in this agreement—because if that country does not come into it, it will never be consummated—the matter is before the senate committee of the United States. Reports would indicate that the senate committee is not likely to give a favourable decision on the matter in time for it to be approved before July 1. I think that is the date the minister gave.

Mr. HOWE: Yes.

Mr. BRACKEN: That is ten days from now.

Mr. HOWE: That is right.

Mr. BRACKEN: If it should not be approved by the United States within the next ten days, it will not go into effect for the present crop year.

What are the points we should examine in an important agreement such as this in order to arrive at a wise decision as to our attitude with respect to it? I suggest there are three. First of all there is the question of the price to be received by the exporting countries, and to be paid by the importing countries. The second important point is the amount to be delivered by the exporting countries and to be taken by the importing countries. The third, of course, is the prospect of its success or failure.

Let us look for a moment at the question of prices. We are told that during the life of this agreement the maximum price of wheat will be $2 a bushel, and that it may be as low as $1.10 a bushel. We are talking about selling one of Canada's greatest export commodities over a long period of future years at a price between $2 and $1.10 a bushel at a time when the actual price of wheat is much higher than the highest of these figures.

In the year 1946 we entered into an agreement to sell wheat at $1.55 a bushel. In one year it got up as high as $2 a bushel. In the first year of that agreement we found that the average price of wheat which was not locked up in this agreement was $2.44. In the second year of the agreement the average price of wheat not locked up in the agreement was around $3 a bushel, and we are now undertaking to tie this nation to the acceptance of a price between $2 and $1.10 a bushel when the price today is much higher than that.

In addition to that I want to draw attention to one other feature. Wheat at $2 a bushel today, with the prospect of going as low as $1.10, would be equivalent to what on the basis of pre-war values of money? Today we have a 60-cent or a 63-cent or a 65-cent dollar, or whatever it is. On the basis of pre-war prices this would mean a maximum of $1.20 or $1.25 and a minimum of 66 or 70 cents. I ask hon. members, if we had been entering into an arrangement such as this prior to the war would we have agreed to a maximum price of say $1.25 and a minimum price of 66 to 70 cents a bushel? Would we have done it? I respectfully suggest that we would not. No one has any doubt as to that. The facts speak for themselves. In 1935, under a similar situation, this house approved of a policy of paying not 66 cents to 70 cents as a minimum, but paying 87½ cents a bushel as an initial price. That was the price decided upon when there was a surplus burdening the market and the dollar was worth one hundred cents. At that time we said we should not sell our wheat at less than 87½ cents a bushel. If we translate the present inflationary figures to pre-war values we would be agreeing to sell our wheat at a price of somewhere between $1.25 and 70 cents a bushel. That would not have been high enough.

The agreement sets out also that Canada will provide 230 million bushels out of the total of 500 million bushels from the exporting countries. I do not think any reasonable man will criticize the share allotted to Canada. United States was allotted 185 million bushels, and Australia 85 million bushels, making a total of 500 million bushels. In the early agreement away back in 1933 the United States was not the important exporting country that she is today. She then occupied about fourth place. Today she is up to second place, and the action which that nation takes will largely determine whether an agreement of this kind will ever be consummated or whether, if it were consummated, it would be any good.

What is the chief weakness of the agreement? Some people say there is a joker in it, but I do not like that term. I do not think anyone is joking about this thing. I believe the government and the people of Canada want to find a way to lessen the wide fluctuation in prices of this commodity, which has such an important bearing upon the stability of our economic life. But the weakness of the agreement is that some of the large exporting areas of the world are not in it. I refer to the Argentine, and to the Danubian countries, and to Soviet Russia. The chief weakness is that the Argentine is not in it.

There is another weakness in bringing this proposal forward at this time. I regard it as being in an unfinished state. I believe that any proposal that this nation is prepared to accept prices ranging from $2 down to $1.10 for wheat, suggests to the world that the price of wheat will go down, and go down pretty far and maybe pretty fast. And I am not one who believes that it is inevitable that prices will go down like that.

If the world wants this commodity it can have it, provided it is prepared to pay the producers enough to grow it; and if it is not prepared to do that, a lesser supply will be produced, and the price will be high. I am wondering if we are not bringing on ourselves the worst of two worlds, suggesting to others that the price will go down, without the assurance that this agreement will even be entered into or that it will be successful if it is entered into. In that respect it is a short-sighted procedure.

I can summarize our position briefly on this matter. We will not stand in the way of any efforts to arrive at some international agreement to provide some insurance against surpluses depressing prices. We will not stand in the way of any endeavour to get an agreement that will prevent these wide fluctuations which play such havoc with the economies particularly of exporting nations. We must keep on in that effort.

My second point is this. In my judgment this measure is far from a finished product. There are not enough nations in it, and particularly not enough exporting nations. The fact that the Argentine is out makes it, I was going to say, impossible to expect success from it. The fact that Russia and the Danubian countries are out makes it difficult. I am not hopeful that Russia will ever be in it, but

certainly the Danubian countries were in it once, and it may be difficult to get them in again. With the United States now ten days from the final date of ratification, and there being considerable doubt whether that country will ratify it this year, the chances are very slim that the agreement will go into effect this year. That is not an argument now against our indicating that something of this kind is wanted. In the position in which I find myself, it does raise doubts of its immediate need or its eventual success. It is moving in the right direction, but I am afraid its weaknesses are not very promising for its success.

The third objection in my judgment is that the prices agreed to under these inflated conditions are too low.

If producers in Canada are counting on this agreement, in its present unfinished state, to provide anything in the way of better conditions for them, I want to be on record as indicating that, in its present state, I do not think we can expect much advantage from it. Nevertheless I agree that we must continue in these efforts and hope to reach the time when, if not all the nations, at least enough nations will stand together to see that these wide price fluctuations, which we cannot prevent unless we do stand together, are lessened.

These four or five points outline our general position on this resolution.

Mr. E. G. McCULLOUGH (Assiniboia): I wish to speak on this subject because I think it is of greater concern than any other topic that has come before the house this session. I do so because, since I am both a producer and a consumer as well as a citizen of Canada, I think we recognize it as one of the great problems to produce and allocate food throughout the world, so that where we have a surplus it can be moved to places where food is needed.

Some of us have been greatly concerned about press reports which indicate that some of the signatories to the agreement may not ratify it before the close of the session. I speak particularly of the United States government, which has indicated that it may not sign the agreement before the close of the session of congress.

As the leader of the opposition (Mr. Bracken) has said, there have been attempts over the past fifteen years to reach some sort of international agreement between producer and consumer countries so as to allow for the intelligent flow of agricultural products to the countries that need them, and at the same time maintain a decent price to the producer. In the western provinces we have often been forced to take our grain to the elevator and deliver it far below cost of production. I myself have delivered many thousands of bushels of oats, wheat and barley for less than it cost to produce them. As far as our own Canadian economy is concerned, we have seen in many parts of our province, as a result of low prices, that though the people did get large crops they were as hard up as other parts of the province where there was not a large production, the land being dried out.

We as producers rightfully ask that we be given cost of production for our commodity, but at the same time we wish to have these products go to the consumer at a fair price. In dealing with this whole intricate subject we have to realize that there are many phases of our economy which are interdependent in the production and distribution of foodstuffs. As I have indicated since coming to the house, one of the things we need is to put into practice the principle of the ever-normal granary. To do that we would need to store in years of plenty at least 1,000 million bushels of wheat and other grains.

When there were short crops in the dominion we could live up to some of our international agreements, and that would be one deterrent to resistance on the part of importing countries to any sort of international agreement. However, in the past, under the open market system, we have found that when we had 200 million or 300 million bushels on hand, the product became a drug on the market, and prices were depressed.

In an effort to break down the negotiations for an international wheat agreement we have seen certain interests in Canada, namely the Winnipeg grain exchange, attempting to undermine those negotiations. A letter came to my office this morning from the Winnipeg grain exchange, a portion of which I intend to read to the house. The last paragraph, which makes reference to the agreement now under discussion, reads as follows:

> For fifteen years a plan along those general lines has been actively promoted, but at every stage final action has failed to result because of disagreement among the nations or from non-observance of the conditions laid down. It is a hard thing to get agreement among sovereign states and these states are bound to follow certain constitutional processes which take time. Another failure on this occasion will be but another evidence that governments are not suitable agencies for operating the details of a great commercial business like the wheat business.

If, Mr. Speaker, we are to get any basis of stability for our producers, the government must take a hand in this great operation in

our country. It cannot be left to free enterprisers, or to the fluctuating markets of the grain exchange; rather we must enter into commodity agreements, preferably on a multilateral basis; whereby we can export to and import from other countries on a true value basis. It is just not intelligent to expect other countries to accept our wheat and other farm products unless we are ready to import from those countries on a decent and equitable basis. If we try to export our commodities, as has been done in the past, and ask for a price structure which is out of line with the price we are prepared to pay for commodities from those countries, we cannot hope for any sort of workable international agreement.

I am also concerned because of what is taking place in the United States. I have in my hand a report which appears in this morning's *Globe and Mail* headed "U.S. wheat export will be returned to private hands." It says that the Commodity Credits Corporation are to put back in private hands the handling of wheat exports in the United States. The latter part of the article reads as follows:

A spokesman for the ECA—

Which is the economic co-operation administration, in the United States, administering the Marshall plan for aid to Europe.

—says the move to put wheat exports back into private hands would be completed within a month. The committee is agreed that the change should be made as soon as possible. The report of a fairly large wheat crop in the United States has encouraged the committee to act more quickly.

Here we have seen perhaps some success on the part of private individuals to thwart the efforts toward international agreements handled by governments. I think that if once more this international agreement is washed up, so to speak, we shall be back into the cutthroat competition we had prior to the last war; indeed, it will be a large factor in creating world conditions which tend toward another world war.

Among the people who want such agreements as this wheat agreement, we have the international federation of agricultural producers. At their second annual conference, held in Paris this year, they unanimously passed a resolution calling on all governments to sign the agreement, and the agreement now under discussion is the one referred to. That conference passed three resolutions which I intend to read to the house. They are as follows:

(a) It is essential that effective machinery should be provided to deal with surpluses which may develop, to ensure that they are directed to the areas of the greatest need, and that such surpluses should not be allowed to undermine the world price structure.

[Mr. McCullough (Assiniboia).]

(b) In conformity with these aims IFAP should exert the utmost influence with the appropriate international authorities, and through its members, with national governments, in order that such machinery should be in a position to operate before such a situation arises.

(c) For this purpose the executive committee and the secretary-general are requested to initiate immediate studies in an effort to develop a practical plan capable of accomplishing these aims as nearly as possible.

I am in full accord with those resolutions. I feel that unless we can plan, both in Canada and in the international picture, for such agreements as are indicated in those resolutions, we cannot hope for world peace.

I remember that when I was attending high school, one of the things that history taught us was that the first great war was caused by a fight for world markets. That is what we shall have again unless we can truly say that we are a Christian nation. Unless we can say that we want to move our surplus food from Canada to other countries so that hungry people may get it at reasonable prices, and at the same time protect our producers by handling this matter on a national basis, we cannot truly say we are a Christian nation. If we once more allow the Winnipeg grain exchange to operate, then once again the producers of this country will be at their mercy.

I want to give full support to this measure. I am convinced that there are many dangers connected with it, simply because we have not seen fit to set up our own internal economy, and to establish appropriate import-export boards to handle such commodities as wheat and others which enter into the field of world trade.

Mr. VICTOR QUELCH (Acadia): At the outset, Mr. Speaker, I should like to say that we in this group believe in the principle of long-term international wheat agreements. We believe that such agreements are essential to the welfare of both the consuming and the producing nations. We believe they are in the interests of the consuming nations in order to guarantee adequate supplies of food at fair prices, and we believe they are in the interests of the producing nations in order to guarantee markets at fair prices. Moreover, we believe that under such a program it should be possible to build up adequate reserves of food in good crop years to cover shortages that may occur in short crop years. It should be possible, moreover, to build up those reserves without allowing them to be used as an excuse to force prices down, as has invariably been the case under the open market system in the past.

When the minister spoke in this house upon the introduction of this measure, as reported at page 2004 of *Hansard,* he concluded with these remarks:

> By balancing the interests of both producing countries and consuming countries in an agreement covering the bulk of the world's trade in wheat, the agreement represents a major development in international economic co-operation.

I do not think there is any doubt that this agreement represents a major development in international economic co-operation. It represents many years of striving on the part of farmers to obtain an international agreement. No matter what may be said about this agreement, I think most farmers will be glad to know that for the next five years at least they have a guarantee of a minimum price, even though that price may be considered too low.

On the other hand I think it would be a great mistake for the farmers to place too much reliance upon this agreement, because it has a number of major weaknesses. I wish to deal with what I consider to be two of its chief weaknesses.

In the first place, there is no guarantee that the importing nations will be able to buy the wheat that they undertake to buy under the agreement. In the second place, there is no guarantee whatsoever that the interests of the producing and consuming countries under this agreement will be balanced, as stated by the minister.

The main essential of sound international trade policy is the right of a nation to pay for its imports with its exports. No agreement can succeed which flouts that fundamental economic principle. That is why the Bretton Woods agreement has failed, and that is why it will fail in the future, as all previous multilateral trade agreements have failed—because they compel the importing nation to pay either in gold or in the currency of the exporting nation, instead of allowing the importing nation to pay with its own goods.

If the nations desiring our wheat under the agreement are unable to secure dollars, they will be unable to pay for that wheat; and they may very well seek to get that wheat elsewhere, using the currency of soft currency countries. On the other hand they may seek, as they did after the first war, to become more self-sufficient.

It is true that under the agreement provision is made whereby the quota of a country which cannot meet its commitments may be allocated to other countries. But suppose Great Britain were unable to meet its commitments, and we had to redistribute its quota of 170 million bushels; obviously the whole agreement would collapse. Yet Great Britain has had great difficulty in finding the dollars to pay for food under agreements we have already made with her, and it is probable that that same situation may develop in the future and become aggravated.

Then, on the second point—does the agreement balance the interests of the consuming and producing nations?—I would say that if it does, it will be purely accidental, because the whole international agreement as laid down at the present time is nothing more or less than a gamble. The nations under this agreement are guessing future values instead of establishing them on a basis of fact. By their haphazard methods they may very well discredit what is in reality a sound principle. Because if this agreement fails and becomes discredited, we all realize it will be very difficult to get another wheat agreement in the future.

The agreement establishes the following basis for the price of wheat; For 1948-49 a minimum price of $1.50 and a maximum of $2; that maximum continues throughout the agreement until 1952-53; the minimum price is reduced ten cents each year, so that by 1952-53 the minimum will be only $1.10 a bushel. How do we know that that will be a fair basis or a fair price upon which to establish prices? If the price levels of other goods remain up in 1949, 1950 and 1951, why should the minimum price be dropped ten cents in each of those years? The price level may go higher, or it may drop; but to say that the minimum price shall be dropped ten cents each year, without any regard for general price levels, is gambling upon the future, and it is not a sound basis upon which to establish a minimum price.

On the other hand, if the price level rises, why should the ceiling be held at $2 during that period? Many people today are comparing this agreement with the British wheat agreement. I should like to emphasize one essential difference between this and the British wheat agreement. This wheat agreement is supposed to be a straight business deal between nations, while the British wheat agreement was not. The government asked the house to support the British wheat agreement more or less as a moral obligation, in order that we might give Great Britain wheat at a fair price, or at a low price, having in mind the great sacrifices that country made during the war. At the time the British wheat agreement was discussed in the house, we in this group said that we would support it as a moral obligation, but as a moral obligation of the Canadian people as a whole,

and that any losses suffered under that agreement should be borne not by the farmers only, but by Canadians as a whole. We pointed out that it would be Canada's responsibility.

On the other hand, at that time the government said that the losses of the first years would be offset by the gains in later years. I do not think anyone would care to argue that way today. It is evident now that as a result of the British wheat agreement the farmers of this country will have suffered losses amounting to hundreds of millions of dollars. I have in my hand a letter I received from H. G. L. Strange, date March 15, 1948, in which he says:

> My department has recently figured them out—

He is referring to losses.

> —from August 1, 1946 to March 4, 1948. The difference between the $1.55 for our wheat sold to Britain and the price at which our class II wheat was sold by the board to all countries of the world comes to $306,621,592, and the additional losses for the same period on wheat sold to our millers to be made into bread and flour for domestic consumption comes to $157,338,000 or a total of $463,959,592, because of the low price set under the British-Canadian wheat agreement. The loss will be still greater I fear by July 31, next, which will be the end of the second year of the British-Canadian wheat agreement.

Mr. CASTLEDEN: Could we have got the price for all our wheat that we got for our class II wheat?

Mr. QUELCH: That is based upon a comparison between $1.55 and class II wheat.

Mr. CASTLEDEN: Is there any indication that we would have got a higher price for all our wheat than we got for class II wheat?

Mr. QUELCH: In view of the fact that Great Britain needed wheat, she would have been a bidder for it, and that would have held the price up. There is no reason to think that the world price would have been less, because if Great Britain had not bought wheat from us under the agreement she would have bought it on the open market. Wheat was in short supply.

Mr. ROSS (Souris): Britain is buying wheat from other countries today at a price greatly above the price of Canadian class II wheat.

Mr. QUELCH: Yes; the world price is considerably higher.

Mr. CASTLEDEN: Great Britain would have had to pay it.

Mr. QUELCH: Yes; therefore we sold her cheap wheat as a moral obligation, and I say it is the responsibility of the Canadian people.

The cost should be borne by the Canadian people, and not by the Canadian farmer, as has been the situation up to the present.

It is evident that if the losses suffered by the farmers during the first two years of the agreement were to be offset, the price of wheat during the last two years would have to fall far below a dollar. That is obviously impossible, in view of the fact that the nations are agreeing to a minimum of $1.50 for this year.

Some may say: You must admit that it was as a result of the British wheat agreement that nations agreed to the new wheat agreement. But the reason we are getting this new agreement has nothing to do with the British wheat agreement, because Britain was the only country which got cheap wheat, while all other nations had to pay world prices. So that we could have got this agreement just as easily, whether we had embarked upon the British wheat agreement or not. It cannot be argued therefore that this has to be taken in conjunction with the British wheat agreement.

As the Canadian government entered into the British agreement undoubtedly in order to give Great Britain cheap wheat, it is up to the government to pay to the farmers the difference between the price obtained from Great Britain and that obtained for class II wheat. Of course the same applies to wheat sold for domestic consumption, because it is being sold at the same price as wheat sold to Great Britain.

In signing the British wheat agreement and giving Great Britain cheap wheat, the government no doubt expected that the price of wheat would fall. They had in mind what happened after the first great war, and no doubt they expected that the same thing would happen after this war. It is now up to the government to pay the farmers the money they lost in the gamble. I urge the government to stop gambling in that way. Mind you, I am not criticizing the idea of a long-term international wheat agreement, but I am criticizing the basis upon which the price is being established. We feel that in a long-term international agreement the price should be established on the basis of parity rather than by guessing at future values. Under the agreement there is no relationship between the guaranteed price and the future price levels of other commodities.

We feel that an international wheat agreement should be a sound business proposition based upon realities and not upon guesswork. We feel that there is a sound basis for agreement. Nations can agree upon fair prices for the first year; seldom is there any difficulty in arriving at a fair price for the first year,

because you know the prices of other commodities and you can reach an agreement. But just as soon as you try to set a price for future years you run into guesswork unless you use some yardstick. We insist that in establishing a price for future years it should be tied to the general price level of the importing country; it should be based on the rise and fall of the price level of the importing country. That would unquestionably be parity. Then our exports of wheat to that country would buy from year to year a comparable amount of that country's goods. For instance, if we export wheat to France and in the first year the agreement price is set at $2 per bushel, then the price for future years should be based upon the price level. If the price level in France went up ten per cent, automatically the price of our wheat would go up ten per cent. If the price level in France went down ten per cent, then the price of wheat would go down ten per cent. The result would be that the exports of wheat to that country would bring back the same amount of imports. In other words, you would be establishing the future price upon parity instead of guesswork.

We feel that such a policy would help to insulate the Canadian economy against external fluctuations in the price level, and would thereby facilitate the setting of a parity price for wheat internally, which of course might vary from that obtained under the international wheat agreement. The internal price would not necessarily be the same as the price externally, but there would be a relationship between the price level in Canada and the external price level.

If the objection is raised that that proposal would mean bilateral agreements when we are trying to get multilateral agreements, let me point out that there would be nothing to prevent the exporting countries from trading the credits obtained in any one country for those of another country—that is, where it was not feasible to take payment of goods from the country to which the wheat had been exported. There is nothing unique about the proposal I have been elaborating. It is similar in principle to that which has been proposed for many years by the London, England, chamber of commerce, a body which perhaps has had more experience in international trade than any other commercial body in the world.

There are many points in this agreement which I think need clarification. I understand that the agreement will not be passed this year in the United States, and I cannot see the need for rushing the matter. So far as Great Britain is concerned, we are tied up for another two years, and we would have no difficulty in that regard. Therefore I urge the minister to send this resolution to the banking and commerce committee in order that we may have a thorough discussion of some of the points to which I have referred, and also other points which I have not mentioned.

The question of price is most important. We in this group do not consider that the basis upon which the price in this agreement has been established is sound. It is purely a gamble. It may work out all right, but on the other hand it may place great hardship upon the farmers of this country. No doubt the government hoped that the prices guaranteed in the British wheat agreement would work out fairly well. I have had talks with different members of the government, and they admit frankly that they expected that the world price of wheat would fall. It did not fall, and as a result the British wheat agreement has cost the farmers of this country around half a billion dollars. That is too great a sum to expect any body of workers in this country to pay. The farmers still hope that the government will make up that loss, but so far we have not had any statement.

We should not make a similar mistake with this new agreement. I have indicated one way in which we can avoid doing that—by tying the price of our wheat to the price level of the country to which we export, so that our exports will at all times bring back to this country a comparable amount of imports, which in reality means nothing more or less than parity prices on an international level.

Mr. GORDON B. ISNOR (Halifax): Mr. Speaker, no doubt hon. members from the western prairies will wonder why a member from the maritimes is taking part in a discussion on the wheat agreement, but I can assure them that this wheat agreement is of real interest to all parts of Canada, particularly the eastern section, of which I have the honour to represent one portion.

The international wheat agreement is really a sales agreement which has been entered into by thirty-six countries, thirty-three of which are importers and three of which are exporters. I was at a loss to understand the remark of the leader of the opposition (Mr. Bracken) to the effect that there were too few exporting countries in the agreement. I would have thought that the fact that there were just three exporting countries would make our position that much stronger, because we would have thirty-three countries to which to sell. In making a sales agreement of any kind the endeavour is usually to cover as great a field and to secure as many customers as possible.

I rose more particularly to discuss the matter of transportation. On June 11, when the estimates of the bureau of statistics were

under consideration, I endeavoured to bring up this matter of transportation as it affects the wheat agreement. I was quite properly called to order by the Minister of Trade and Commerce (Mr. Howe), and I accepted the ruling that I was wrong in attempting to bring it up at that time. I am therefore taking advantage of this opportunity to place before the minister and the house one or two points that I have in mind.

The first point I should like to draw to the attention of the minister has to do with the basis upon which the prices are established, that is, No. 1 northern in store Fort William-Port Arthur. While the prices are based on Fort William-Port Arthur, I think there should be a definite relationship to the Atlantic and Pacific ports for shipping purposes. We should at all times have a sufficient quantity on hand at those ports to avoid a situation similar to that which arose last year and which was referred to in the British house by Conservative members of parliament.

I shall refer to that in just a moment, but before doing so I should like to ask the minister to take into consideration one or two points which I wish to mention specifically in connection with the clauses of the agreement.

The hon. member for Acadia (Mr. Quelch), who is always interesting and presents an intelligent picture of matters pertaining to wheat and the west generally, is in accord, I was pleased to note, with the general principles of this agreement, and favours the action being taken by the government. From a business standpoint Canada is indeed fortunate in being able to enter into an agreement under which she will sell twenty-three fiftieths of the total 500 million bushels.

I wish to refer the minister to clause 7 of the agreement, to be found on page 10, which deals with the records to be kept. It says.

> The council shall prescribe the records which shall be kept of the transactions reported in accordance with the provisions of paragraph 6 of this article.

I am anxious to know whether that clause will be interpreted as applying to the total grain on hand in the various elevators, including, as we would naturally expect, the elevators at Atlantic ports. To us that is an important thing which should not be overlooked in this agreement. It should be clearly understood that the records shall be interpreted as referring to the elevators at the shipping ports, particularly in the extreme eastern section of our country.

I want to couple with that the definition of "f.o.b." in article XIX on page 34 of the agreement. Paragraph 7 of the definitions says: "'F.o.b.' means free on board." If that means the price quoted at any Atlantic or Pacific port, it answers one of the questions I have in my mind, and perhaps the minister would be good enough to say later whether or not my interpretation is correct.

Paragraph 11 of the definitions defines "marketing costs" thus:

> "Marketing costs" means all usual charges incurred in procurement, marketing, chartering, and forwarding.

I again contend that this wheat should be transported direct to the nearest port to Europe, in other words to the nearest port on the Atlantic which will give the cheapest transportation by water. I need not point out to the minister that Halifax to Liverpool is the shortest route; under this agreement, therefore, the port of Halifax will expect a greater shipment of wheat than we have had in the past.

Paragraph 13 of the definitions defines "stocks":

> "Stocks" means in Australia, Canada, and the United States of America the total of the stocks of old wheat held at the end of their respective crop-years in all elevators, warehouses, and mills.

And so forth. Again I urge upon the minister that he make use of that clause to see that we on the Atlantic coast have our elevators at all times filled to take care of the requirements of ships which enter our ports from time to time and which sometimes have been unable to procure the shipments we so urgently require.

This shortage of wheat shipments from Atlantic ports was brought up in the British house, as reported in the Halifax *Herald* of June 8, 1948:

> Critical of at least two phases of the British government's policy of buying wheat in bulk to meet national needs, the Conservative party in Britain raises one point of particular interest to Nova Scotia generally and to the port of Halifax in particular.
>
> After discussing the arrangements covering a four-year period, in the course of which a tribute is paid to the Canadian farmer who receives less than the market price for his wheat, the party's statement says Canada fell short on deliveries in 1946, though other countries received proportionately more than their share. Then it adds:
>
> "When the St. Lawrence froze, the government had to make frantic efforts to ship wheat from Pacific ports, which must have meant an addition of 10 to 15 cents a bushel to the cost."

I think the minister was aware of that situation last year. It was treated with a certain amount of humour by members from the east, but at the same time it was serious. Of course there is no such thing as the freezing of Halifax harbour. The same thing applies to some extent to Saint John, but so far as Halifax is

concerned we do not know what it is to have an ice-bound harbour. I urge upon the minister that he take into consideration and make provision in the agreement by which we shall have proper protection.

The article goes on to refer to that official statement, that we were unable to ship from eastern Atlantic ports, and says:

> At that the gap was such that wheat purchases had to be made in the Argentine at $3 a bushel!
>
> Nova Scotia will recall the situation as it developed in the autumn of 1946, as it was disclosed in the British House of Commons by Food Minister Strachey. He said at that time that he had pressed the Canadian government to hasten deliveries. He said that he had urged the Canadian government to use Canadian Atlantic ports because shipping was short and it was costly in terms of shipping alone to move the wheat by way of the Pacific and Panama.

I recall that at that time I took the liberty of personally wiring the Hon. Anthony Eden, pointing out that Halifax harbour was always free of ice, that I hoped this fact would be made clear to the British food minister and others interested, and that we would have no more official statements such as that so far as Halifax was concerned. The article goes on:

> But no wheat moved. Finally the situation became so grim that the British government had to appeal to the United States transportation authorities to expedite shipments of Canadian wheat by way of United States railways and ports.

Again I take exception. There is no need of that. From time to time I have advocated, and I emphasize this point, that there should be a clause in every wheat sale agreement made by Canada that the shipments be made through our own Canadian ports. If we are selling the goods, surely we are in a position to say: Yes, we will give you the agreed price at an Atlantic port. I would urge upon the minister that he take that into his serious consideration as an amendment to the present agreement.

Again I say I am pleased that Canada is not waiting for the United States but is now taking steps to seek the approval which I feel sure the house will give to this agreement. Some have advocated that we should wait until the United States has made its position clear. But I say this is a good, clear-cut sales agreement, covering a four-year period, and representing 230 million bushels of wheat, and that we should by all means take advantage of the agreement by approving it as soon as possible.

Hon. members have brought to the attention of the Minister of Transport (Mr. Chevrier) this matter of shipment through Canadian ports. Had the present Minister of Trade and Commerce held the office that he holds today we might have had more definite action, and action which would have helped us. No explanation was ever forthcoming from Ottawa in respect of the complaint I raise as to why shipments of wheat were made over United States railways and through United States ports. Perhaps even at this late date the Minister of Trade and Commerce will tell us why that happened, and guard against such occurrences in the future.

I think I have accomplished what I had in mind. I did not deal with the question of the price of wheat. I am not in a position to do that. There are wheat growers in the house who know whether these prices are fair and whether a long-term policy is a good one. I ask the minister to give every consideration to the transportation of Canadian wheat through Canadian ports.

Mr. J. A. ROSS (Souris): Mr. Speaker, I listened with some interest to the presentation of the Minister of Trade and Commerce (Mr. Howe) this morning in respect to the international wheat agreement. He pointed out that it was necessary for the various countries to ratify the agreement not later than July 1 in order that it may operate for the 1948 crop year. He said that this agreement provided for a ceiling price of $2 a bushel, and that the floor price ranged from $1.50 down to $1.10 a bushel. That is not the net figure to the farm producer. I would judge it would average about 20 cents a bushel less than that, net to the farmer, if the agreement is carried out.

It seems rather strange that we should be tying into an agreement such as this at a time when there is a great scarcity of wheat in the country and prevailing wheat prices are much higher than $2 a bushel on the world market. In fact during the past year wheat has sold at considerably over $3.40 a bushel, which is a great deal higher than $2 a bushel.

In recent days I have been in touch with a number of millers, especially in western Canada, whose plants are closed down because they cannot purchase wheat to mill into flour. This is a serious state of affairs for these mill operators. The majority of the small private millers have their plants actually closed today because they cannot purchase wheat in the country with which to make flour. That is also true of the flour export business. It proves that at this particular time there is a great demand and a great shortage of wheat in this country.

The minister said that Australia and Canada would handle all their wheat through their wheat board. That means that under present

government legislation, all wheat in Canada will be handled compulsorily through the Canadian wheat board. The farmer has no choice other than to deliver his wheat to the wheat board at the prices set by the board. Of course these prices are agreed to or set by the cabinet committee, which is in charge of the Canadian wheat board. I repeat, it is a compulsory method; the farmer has no choice. On the other hand, the United States government has told its people that the open market will be continued in that country, and if the price in that country, or the world price, is considerably over $2 a bushel, the wheat producer of the United States of America will receive the existing price at whatever figure prevails over the $2. In fact, in that respect the United States Department of Agriculture on May 25 announced a government loan or support price for the 1948 crop as follows: Chicago, $2.25 a bushel; Minneapolis, $2.22 a bushel; Kansas City, $2.20 a bushel, and Portland, Oregon, $2.15 a bushel. This means an average loan rate on wheat to farmers on their farms of $1.96. The farmer in the United States is guaranteed that, no matter where the price may fall, because he receives the loan, and he receives on top of that at a later date whatever is obtained over and above that figure. He may receive a great deal more than the $1.96 that he is guaranteed. Therefore hon. gentlemen will readily see how much more fortunate the wheat producer in the United States is than the farmer in this country is and has been throughout the crop years.

I have to agree almost entirely with the speech delivered by the hon. member for Acadia (Mr. Quelch) this morning. He handled the situation very well. I agreed with him when he said that the wheat farmers of this country have made altogether too great a contribution to the consumers of Great Britain, and also to the consumers of Canada. He pointed out that it was not a straight business deal, that we had to do something to assist Britain. With that we all agree, and I have always agreed that that contribution should be made. Let me repeat what I have often said: the contribution should have been borne by all the taxpayers of this country, and not by one class of people.

In another debate on May 26 I gave a list of figures showing what it would cost the farm producers of this country. For the first nine months of 1947-48 crop year alone, under the United Kingdom wheat agreement, our farmers lost $191,891,763. That is the difference between what they received and what they might have received, had they received the average class II price of wheat. The prices were averaged month by month from August 1, 1947, to April of this year—nine months. On the same basis, on the flour and wheat used for consumption in Canada they lost another $8,401,104, a total of $274,292,867 in the first nine months of this crop year. No other producers in Canada are asked to contribute on that basis, nor were they throughout the war years. That policy is continuing, and we do not know how long it may continue in the future. It has been most unfair.

I also pointed out, then, that if the proposed wheat agreement went into effect, it would be absolute proof that the farmers, who continue in the future to operate under this policy would never have an opportunity to regain that very great loss running into many hundreds of millions of dollars. I am satisfied that that is the situation. I agree that over the past fifteen years these nations have been trying to work out an international wheat agreement, and that many farmers of this country want something of that kind. I do not think any farmer will be satisfied with these prices under these conditions.

I remember the argument we had on the United Kingdom wheat agreement. Along with many other hon. members of this party I argued that with the rising costs at that time it would be disastrous for the farm producers of this country, and as I read the statements over and over again I find that every word of the prophecy has come true, and much more. The costs of the wheat producers are rising daily. Not long ago an average increase of 21 per cent across the board was granted in freight rates. I will admit that that increase does not apply to wheat, but this parliament permitted that increase.

Mr. KNOWLES: Not parliament.

Mr. ROSS (Souris): Parliament stood by the board which passed it. Parliament did not do anything about it. The board, under this government, passed the freight rate increase. I agree that all of the opposition parties tried their best to prevent it and have something done about it. That increase will enter into the cost of everything that the wheat producer buys in this country. The cost of the oil that he uses in his tractor has increased at least fifty per cent in the past year. These costs are increasing all the time. Every time somebody talks about another inquiry into freight rates or something of the kind, the oil companies increase the cost of their products. There have been periodical increases right along. I am sure we have not yet reached the peak. Every few months sees an increase in the cost of farm machinery.

I want to see the farm worker get everything possible. I have always been in favour of the

workers of the country obtaining all they can, but all these things enter into the cost of production. According to the bureau of statistics, the farm labourer receives three times as much in farm wages today as he received in 1939. There are many other items I might mention, the prices of which the economists of this country say have not yet reached the peak in Canada. These must all be taken into consideration.

I say, therefore, that when you ask people who have borne such a heavy loss since 1939, and who are bearing the burden today, to sign this international wheat agreement, under which the maximum they will receive will be $2—and even that not net, since it will be twenty cents less than that, with a minimum of $1.10—you are providing that these wheat producers shall continue to suffer this great loss for many years to come.

I am sure that, while they want an international wheat agreement, the people who ask for one will not be as satisfied with the prices set forth in that article. If the government are determined to ratify this agreement at the present time, I must say that I see no urgency about it; because, as was pointed out by my leader this morning, the United States, through its senate committee, is now considering the matter, and if that committee reports favourably, which I doubt, it will require a vote of two-thirds of the senate of the United States before the agreement can become law. Only ten days are left to the first of July, and according to press reports they do not intend to have a report in before that date. Therefore I fail to see the urgency of ratifying this agreement.

Australia has ratified the agreement with the proviso that its signature stands only if the United States government ratifies it by the first of July. Surely, if this government is determined to ratify the agreement at this time, it will adopt a similar proviso. I suggest to the minister that he amend the resolution by adding a clause, "subject to ratification and approval by the senate or other competent legislative body of the United States of America". I hope the minister will do that. I was prepared to move such an amendment, but I have suggested similar amendments in the past and they have been ruled out of order at a stage in debate corresponding to this. I understand that this resolution is not going through committee stage. We are merely discussing it on this motion. Judging from past rulings of the Chair, I think I would be out of order in moving such an amendment, but I appeal to the minister as earnestly as I can to insert in the resolution a proviso such as I have suggested. I do not think the agreement should be ratified without some such safeguard. I hope the minister will adopt that suggestion.

I have no wish to take up much more time. I have pointed out how unfair it will be to the farm producers of the country.

Mr. HOWE: Are you going to vote for it?

Mr. ROSS (Souris): No, I am not; not personally as the measure is now drafted. I have also pointed out that when the minister intimated to me before that we had voted for the United Kingdom agreement he could not show me in *Hansard* any record of the fact. He could not point out where we had ever voted for it, and at the first opportunity, under his predecessor's estimates, we argued against the agreement. I repeat that assertion now. He has not been able to find in *Hansard* anything to show that we acted at that time as he suggested.

I wanted to bring these points to the attention of the house. Many members, I suppose, are tired of hearing me discuss wheat, but I was sent here to represent the people of one of the finest wheat producing constituencies in the west, and my first duty is to my constituents. They are divided on the subject. Many are not satisfied with the agreement as drawn; even those who favour an international agreement embodying some general principle are opposed to this particular agreement as drawn.

If the minister and the government are determined to pass this agreement, I hope they will consider a proviso such as I have suggested, a proviso which I would have moved myself if it were in order for me to propose such an amendment at this stage.

Mr. G. H. CASTLEDEN (Yorkton): Mr. Speaker, the purpose of the agreement before us is to assure supplies of wheat to thirty-three countries and to assure a market to the three countries which, under the agreement at the present time, will be the producer countries. I would like to point out to the last speaker, who suggested that Canadian legislation will be passed, subject to ratification of the agreement by the United States government, that at page 36 of the international wheat agreement there is this provision:

> This agreement shall be subject to formal acceptance by the signatory governments. Instruments of acceptance shall be deposited with the government of the United States of America by July 1, 1948; provided, however, that an additional period shall be allowed by the council for the deposit of instruments of acceptance on behalf of those importing countries which are prevented by a recess of their respective legislatures from accepting this agreement by July 1, 1948.

We support any move which will assist in the proper distribution of foodstuffs throughout the world. It is significant that the international federation of agricultural producers of the world has supported this agreement. It is an effort on the part of producers and consumers to distribute properly the essentials of life without the gambling that goes with the open market system, of which we have had too much in the past, and still have. We regret the news items which indicate that this agreement will not likely go into effect at all because the congress of the United States will not sign it.

The world is moving away from the old ideas which prevailed in connection with the grain exchange open market and the cotton exchange. It is moving towards the place where distribution of the essentials of adequate living shall be made to all people, and privileged groups shall not have the power to gamble with these essentials and extract for their own benefit large profits to the detriment of producer and consumer. Because, therefore, this is a step in that direction, we support it with everything we have.

World prices are becoming a myth. People talk about the losses Canada has suffered because of failure to sell commodities at world prices. These have not been world prices. What are world prices? Prices quoted on the Chicago stock exchange are not world prices; and as for what Canada has lost in this regard, I would like those people who have been talking about the loss to Canadians in the past under the United Kingdom agreement to compare the prices at which producers in Canada sold their commodities on the grain exchange with prices on the world market over the past fifty years, adding up all that was produced and sold at the low prices to the line elevators. Compare the prices there with the prices at which the Winnipeg grain exchange sold the produce, not to mention prices which might have prevailed in the United States. The Canadian producer never got the grain exchange prices of the United States.

This agreement commits Canada to a five-year distribution or export of 230 million bushels a year, the United States to 185 million bushels a year, and Australia to 85 million bushels a year. The producers support this principle, because, in spite of the fact that prices are low, there is an element of stability which they never had before.

I am not satisfied with the prices, cost of production being what it is today. The Canadian producer stands to lose heavily by it if costs continue to rise. I would point out, however, that there is an arrangement for adjustment in the last three years of the agreement. The world has not been producing foodstuffs to the extent that we expected after the last war, but it is possible that within the next five years we shall see a great deal of production. I do not think the farmers should have to take the risk of the loss involved in the difference between their cost of production and the prices which may prevail here. I believe, with the hon. member for Acadia, that Canadian prices should be tied up with cost of production and commodity prices within our own country. That is a valuable suggestion, and I agree that it would be a good thing for the Canadian government to guarantee the Canadian producer a tying-up of the domestic market prices and the foreign market prices so as to afford him cost of production with a little margin. If we have not this agreement, are we going to allow the grain exchange to handle our produce? That is the alternative to which the average producer objects, and that is why he supports this move in the direction of stability such as he has not had in the past.

Those who oppose the agreement do not offer any satisfactory alternative. If things are left as they are, what guarantee has the farmer? He will go back to the old conditions. The grain exchange give him a price one day and get him to deliver his produce. He has now sold it. They manipulate the market, and the price goes up. The grain exchange buyer sells the commodity to the consumer at a high price, pockets the difference, so the Canadian consumer and producer lose. That is what makes producers in Canada and producers all over the world support something which will give them stability. On the basis of that principle we are supporting this measure with everything we have. If those who oppose it have something else, let them bring their proposition forward and let us support it.

Mr. ROSS (Souris): How much wheat are you going to market through that agreement?

Mr. CASTLEDEN: How much wheat are we going to market?

Mr. ROSS (Souris): You.

Mr. CASTLEDEN: How much am I going to market?

Mr. ROSS (Souris): Yes.

Mr. CASTLEDEN: Just about as much as the hon. member for Portage la Prairie.

Mr. MILLER: I take issue with that.

Mr. CASTLEDEN: I regret that the board has not been assigned the handling of the flour portion of this agreement. The agree-

ment provides that Canada can export flour in place of wheat. I think it operates on the basis of some seventy-two pounds of flour in place of one hundred pounds of wheat. I do not see any reason why we should not do the same thing with flour as we do with wheat—link the two together and let the Canadian board handle the whole thing.

Mr. C. C. MILLER (Portage la Prairie): Before I say what I wish to say in connection with this bill, Mr. Speaker, I should like to deal first with one or two points that were raised by the hon. member for Yorkton (Mr. Castleden), and also with some raised by the minister.

In the first place, most of the objections I take to this agreement are based on the fact, as has been pointed out by the hon. member for Souris (Mr. Ross), that the farmer is being tied to a maximum price fixed over a period of five years for the commodity which he has to sell, without any assurance that the commodities which enter into his cost of production will not rise to greater heights than those to which they have risen today. It seems to me that I, as a lawyer, or the hon. member for Yorkton, as a school teacher, would hesitate to enter into a contract for the next five uncertain years. I think he, as a school teacher, if he were not a member of parliament, would hesitate to take a contract, for the sake of security and stability which provided that he should be paid only $200 for his teaching year. That would mean security and stability, but it would be a mighty poor living for the hon. member for Yorkton. I know of no lawyer who would wish to contract himself, for the next five uncertain years, into the position of working for fees below the cost of doing business, as the farmers are now being asked to do if this international agreement ever becomes an actuality.

Mr. CASTLEDEN: It would be better than what he got under the grain exchange.

Mr. MILLER: The hon. member for Yorkton refers to the grain exchange. I can remember earlier days when my hon. friend was not so much concerned about the rights of farmers. I can well remember the days of the pioneers in the area from which I come—and it is a splendid area—when the people did not have the benefits of the grain exchange; when they brought their grain thirty or forty miles to Portage la Prairie and offered it by the box load or the sleigh load on the streets. I know of many old timers in Portage la Prairie who do not join with the hon. member for Yorkton in condemnation of the grain exchange. I know of men of just as good judgment as the hon. member for Yorkton, but with greater farming interests than he has, who even in this day and age of the wheat board, or anything else that we have, would hesitate to see the grain exchange put out of business.

I never traded one bushel of wheat on the Winnipeg grain exchange or on any other exchange. I hold no brief for them. But in my judgment, formed from talking to men who have lived in my area since the pioneer days, it would be a mistake to put it out of business. I know there are many who condemn the grain exchange. But I have heard some of these old timers say that they would hate to see the day come when they would not be able to go to some place where they could be sure of selling their grain instead of having to peddle it by the box load and take what they were offered for it or else go back home with it.

I do not know whether the grain exchange is good or bad, but I know that it is not always deserving of the unfair condemnation of some hon. members of the C.C.F. party. I know they are delighted that I am making this speech, and I know it will be represented that I am a supporter of the grain exchange. They will likely say that in my constituency. But the people who live in my constituency know where I stand. They know that I have supported, and still support, the Canadian wheat board, and that I have never wavered from that position. They will believe me when I say this from the public platform. I have said in the by-election and at other times, regardless of whether it got me votes or lost me votes, that if it ever came to a vote in the House of Commons I would not vote for the abolition of either the Canadian wheat board or the grain exchange.

Mr. ROSS (Souris): Neither will the wheat pools.

Mr. MILLER: And I still say that. That was just a little by-play into which I was deflected, I imagine much to the appreciation and delight of hon. members in the C.C.F. party.

At one o'clock the house took recess.

The house resumed at three o'clock.

Mr. MILLER: Mr. Speaker, at one o'clock I was just going to deal with one or two matters referred to by the minister. Press reports this morning indicate that both houses of the United States congress have risen, with the result that it would appear completely improbable, if not impossible, that the agree-

ment will be ratified by the United States; therefore there will be no sufficient degree of ratification by the signatory powers before the deadline of July 1.

The United States senate will probably have a committee dealing with this matter; nevertheless it cannot be dealt with by the whole senate. I notice the minister said that the senate of the United States had the matter in hand. This only serves to strengthen the argument we have made today, that there is no haste in dealing with the matter, particularly in the dying days of the session.

I agree, and I think hon. members of this party agree, with what was well said by the hon. member for Acadia (Mr. Quelch), when he pointed out that the proper way to dispose of this resolution would be not to pass it now but to have it referred to the committee on banking and commerce, there to be further studied and dealt with. That is what we now urge upon the government.

I should like to deal with another statement of the minister. He said that the price range really operates to give importers the right to buy, and exporters are obliged to sell at ceiling prices, if a deal can be consummated at those figures. On the other hand, importers are obliged to buy, and exporters have the right to sell at the floor price. In other words I do not see where there is any certainty about it. There is still the matter of dealing between exporting and importing countries as to the price to be charged between the maximum and minimum prices each year. I maintain that the price spread between maximum and minimum is completely out of line with the necessities of the occasion. I do not think this should be. Actual sales, if there are any, and if this agreement ever comes into force—which I doubt—will likely take place somewhere between the maximum and the minimum in each year. And as between exporting and importing countries, if we cannot agree on a price between maximum and minimum, there will be no deal, unless the importers will say to the exporters: We will give you the maximum; or the exporter will say to the importers: We will accept the minimum.

In other words, if there is any certainty about this entire agreement, it is that it is completely uncertain. There is no stability and no certainty. And there is another uncertainty in it too. With that large spread between maximum and minimum, large exporting countries outside the agreement altogether can put the pressure on the market and without any question can put our countries in such a position that if they wish to deal at all with importing countries, they will have to deal with those importing countries at the very minimum rates set out in the agreement. If we are driven to the expedient of relying on these minimum rates, there is no minimum in the agreement which by any stretch of the imagination can be deemed proper and sufficient for our farmers and for our people generally in western Canada. There is the great danger, I repeat, that countries which are normally exporters of wheat can put such pressure on the importing countries, by means of offerings, as to compel us, if we wish to deal at all, to accept the minimum. In other words, instead of helping ourselves we shall establish a minimum and betray ourselves.

The minister did not tell us this morning—at least I did not hear him tell us—the number of countries which have initialled the agreement. I believe it was twenty-two or twenty-eight.

Mr. HOWE: Thirty-six.

Mr. MILLER: The minister did not tell us, either, how many countries have actually ratified it. So far as I know, only Australia has ratified it.

Mr. HOWE: No; there have been others.

Mr. MILLER: Perhaps the minister will tell us, when he closes the debate, how many of the importing countries have already ratified the agreement. In any event, the minister and I are united in this, that if the United States does not ratify it, the agreement will not be of any worthwhile benefit and will not come into operation.

When the minister speaks again he should clear up for us unequivocally this question: If we sign this agreement, and if it is filed with the registering party, the United States government, are we bound by its terms to offer our wheat for export regardless of how many importing and exporting countries actually ratify the agreement by legislation? There are so many pitfalls which have not yet been explained that it is the part of folly, in my humble judgment at least, for us blindly to ratify this agreement, simply to be the first, second or third among the countries ratifying it. It affects a commodity that is important to our whole economy, and we should give it the closest study.

The trouble is, particularly with those of us who come from the west, that we still remember the scare we got in 1929 and succeeding years when huge surpluses were piled up and had to be offered at almost fire-sale prices. The government and its advisers, perhaps, and many of us in the west, are fearful that again we may have a surplus piled up at low prices.

I submit that this agreement, and some other agreements which have been made with regard to wheat, have been entered into because of that great and underlying fear. We should not enter into improvident agreements with respect to wheat, because while an ageement may be right in principle, it may be very wrong in details as to prices and the like.

The time has come when, as a large exporting country, we should take our courage in our hands in dealing with our wheat supplies and endeavour to get a decent price for our farmers. So far as the United States farmer is concerned, probably this does give him some security. I understand their government will continue to buy wheat on the open market, and anyway their exportable surplus is not a substantial part of their crop. But even then they will be getting more benefit than our farmers will be getting, unless our government also provides that if our farmers have to sell their wheat cheaper, they will protect the farmers by buying it in the open market, or at least giving an additional price to the farmers for their grain; because our farmers cannot get along at present proposed prices.

Even if that were done, there are two things to consider. The first is that our farmers took the low prices at a time when they could have had high prices, and when the United States farmers got their high prices. It is not so bad for the United States farmers to say: Oh, well; we had good prices during the war which the Canadian farmers did not have, and we will now take low prices for security's sake. Our farmers had to take low prices, and now we do not get any more security or any greater price—in fact not as much as the United States farmers will get if their government enters into this agreement.

It is true that most of our people want some sort of agreement like this. It is the duty of the house to see that we do not ignore the body of the agreement that we sign, just to secure an agreement which we approve in principle; let us also seek an agreement that will be fair to the people who are chiefly affected.

I would like the minister to say, when he speaks in closing the debate, what the effect will be if no countries ratify it other than those who have already done so. Is it or is it not to be enforced this year? According to the agreement, it should be enforced this year, but it cannot be enforced until it is ratified. In order that there may be no confusion I think the minister should tell us whether this agreement will be in operation this year if we ratify it. How many nations must ratify it before it will be in force?

The various countries can get out from under if they have exchange difficulties. For instance, if Great Britain decides that she is having exchange difficulties, and goes to the council and says that she has a contract under the agreement to buy 180 million bushels of wheat, the council can reallocate that wheat. But I ask the minister to whom could they reallocate Britain's huge share of 180 million of the 500 million bushels under the new agreement? Who would have the money to buy Britain's 180 million bushels if Britain cannot? What countries among the thirty-three can be expected not to have exchange difficulties? These important problems should be settled, and that is why this resolution should be referred to a committee, as I have suggested.

There are no means of enforcing the agreement. It depends simply on the honour or good faith of the countries involved.

There is another point which has not so far been referred to. Article VI, section 9, restricts to some extent our own control over the domestic price of our grain, and perhaps over grain which we might sell outside the ambit of this agreement.

The agreement presumes that there will be disputes, because elaborate machinery is to be set up for the settlement of disputes between countries. I contend that the elaborate and roundabout and indefinite machinery that is to be set up will not settle any disputes. If there is a dispute, it will involve delay in the marketing of our grain, and before these tortuous methods of arriving at a settlement are carried through to a logical conclusion, our grain will be piling up. In the meantime our farmers will have no money, and there will be the gravest insecurity.

Under an annex to one of the articles in the agreement we undertake to retain at the end of each crop year 70,000,000 bushels of old wheat in reserve. Will that 70,000,000 bushels include what we have to keep in reserve for domestic requirements, or will it be in addition to those requirements? If so, it will be most difficult for us to carry out that section of the agreement. I should like that question cleared up when the minister replies.

Article XVI deals with expenses of the secretariat, council and so on, which are to be apportioned among the different governments according to the percentage in which they share in the exports, and so on. Those expenses will be paid first by the government, but will they then be charged up against the operations of the wheat board? I hope they will not constitute an additional burden upon the western Canadian farmers.

Article XX provides that the United States or any other nation may ask for additional

time if their legislature is in recess. How long must we wait until the various recesses have expired? How long will it be before our farmers know whether we are to have this agreement? How many legislatures are now in recess, and when do those recesses conclude? When will this agreement come into force? When will the western Canadian farmers know that their grain is to move to the markets of the world under this agreement?

Even the importing countries seem to be getting a little shaky about whether this agreement will come into force. Why are we spending time debating an agreement that might never see the light of day? Are we doing it simply for the sake of notoriety and publicity?

If this agreement comes into force, the undertakings of the right hon. Minister of Agriculture (Mr. Gardiner), both on the hustings and in this house, will go by the board. Under the United Kingdom agreement, undoubtedly the grain produced by the farmers of western Canada has been sold at a lower price, but the minister has promised that the farmers would be reimbursed in the final years of the United Kingdom contract by being given a price exceeding the world price. If this agreement is to be put into force, I ask the minister to tell us how the farmers are to be reimbursed for the low prices they accepted for their grain during the war years. At the best they can be reimbursed only to the extent of $70,000,000 to $100,000,000, or possibly $140,000,000, even if grain goes down to the minimum provided by this agreement. They cannot possibly get those hundreds of millions of dollars which they have lost already and which they were told would be accounted for in the last great accounting under the United Kingdom agreement. It looks to me as though that great accounting which we were promised has already been submerged in the Atlantic ocean under the terms of this new wheat agreement.

If this agreement comes into force, there will never be enough as between the United Kingdom and our government to reimburse the western farmers for the losses they took during the war when they compulsorily delivered their wheat at less than its true value. The problem will be solved for the government if this trade agreement is finally adopted.

I agree with some of the other speakers, and I think it is a self-evident truth, that the prices of our grain have been fixed at the lowest point that was discussed by the importing and exporting countries. I am not minimizing the difficulty faced by the government in marketing our grain. The thirty-three importing countries would try to get grain as cheaply as they could, while the government would try to bargain to get rid of as much grain as they could. But apparently this government, along with its agricultural advisers, are still labouring under the delusion from which they suffered in the days when we had those terrible prices and those large grain surpluses.

Frankly, I hesitate to vote against this resolution. I have studied the agreement as well as I can. We can only study it to the best of our individual ability. I submit again that a matter as important as this should be sent to one of the standing committees—I suggest the committee on banking and commerce—so that we can get all the facts and not have to decide a matter so important, not only to the farmers of western Canada, but to their children and their children's children. The government should give us every bit of available information when they ask us to make such an important decision as this.

There is no need to be hasty. If we go on like this, we will regret our haste. I cannot see how any harm could be done to any person, to importers or exporters, or to any government, or how our position could be in any way prejudiced, if this matter were referred to a committee where all the facts could be brought out and we could ascertain whether there was any danger in delay. We from western Canada do not want to do anything that would be prejudicial to the farmers of western Canada. We do not want to be hurried into a decision unless we are confident that it is the right one. Without a full knowledge of the facts, and without further study, I shall be inclined to vote against this resolution unless the minister agrees to refer it to a committee.

Mr. ROBERT FAIR (Battle River): Mr. Speaker, I do not believe the people of Canada realize the importance of this international wheat agreement. Many people do not realize how great a loss the farmers of western Canada have suffered through the British wheat agreement. As has been often stated, we have not objected to the low price which was given to Britain under that agreement, because we realized that there was a moral responsibility, which was pointed out at the time. But it should have been the responsibility of the whole Canadian people to supply that wheat to Britain, and I ask whether it is the inten-

tion of the government to make good to the farmers the loss imposed upon them by that agreement.

It would seem that by this international agreement we are again tying up the farmers of the prairie provinces, because in it no consideration is given to the costs of production to which the farmers of Canada may be subjected—no consideration whatsoever.

Under the terms of the agreement the minimum price for the first year of the contract will be $1.50 per bushel, and in the remaining years the price will be allowed to drop ten cents a bushel. Will the Minister of Trade and Commerce (Mr. Howe) tell us on what sound business these stipulations are made, and the reason for the $2 per bushel maximum price in the contract, which runs for five years? That price is much better than the price that prevailed during the depression years, but in view of the market price for class II wheat, even the price of $2 a bushel is not as high as it should be. Why should our farmers be deprived of the rightful price to which they are entitled for their produce?

It has been agreed by everybody that our farmers have been taking the rap since 1929, almost twenty years. Why tie them up again for another five years under this agreement? The farmers are not against a long-term agreement in respect of wheat and perhaps other farm products, but I do not know of any farmer who will sacrifice price just for the sake of a long-term agreement.

The member for Acadia (Mr. Quelch) placed our position clearly before the house this morning, and I do not think I can improve on what he said. It was stated this morning that the British wheat agreement in the first two years will cost the prairie farmers half a billion dollars on wheat alone. That is quite a lot of money. Many people do not realize that while there was a price ceiling on coarse grains, it was based on the price of wheat in the British wheat agreement. They do not realize that the price of our pork and beef was based on the price of coarse grains, thus tying the price of all these products to the price of wheat in the British wheat agreement. That has cost the farmer many more millions of dollars than anybody in the house realizes, and here we are being tied again by a contract which is vague in the extreme. To me it does not look like good business.

I ask the minister whether he is agreeable to sending this measure to the banking and commerce committee, where definite information can be secured so that we shall know what we are doing. This agreement is of vital interest to all the people, not to the farmers of Canada alone. The money the farmers received for their products is spent in Canada, and for that reason all Canada benefits when our agriculture is prosperous.

Mr. J. A. CHARLTON (Brant): Mr. Speaker, I realize that this question of an international wheat agreement is essentially a western problem, but as it will affect the economy of the whole of Canada I should like to say a few words about it.

The agreement involves 500 million bushels of wheat a year, of which Canada's share will be 230 million bushels, or 46 per cent; the share of the United States 185 million bushels or 37 per cent, and the share of Australia, 85 million bushles, or 17 per cent. So far the minister has not told us how many governments have ratified this agreement. He has told us that Australia has, with a rider that if it is not ratified by the United States the agreement will be voided by Australia. There are two great wheat-producing countries still outside of the agreement. Probably 800 million bushels of wheat is the yearly world trading figure, but the total production is much greater. What will happen if 100 million bushels, or even 50 million bushels of this 800 million, are traded outside of this agreement at five cents a bushel less than the amount stipulated in the agreement? Does the minister think that the nations approving the agreement will hold to it and pay the extra price in the face of that offer? How can we expect a foreign government, or even a government of a sister nation in the commonwealth, to guarantee our growers what we feel to be fair prices?

I contend that only our own government in co-operation with our own growers can possibly bring about this stability. Obviously in any agreement of this kind which seeks to stabilize world prices, the importing nations must realize that they will have to pay a little more than the world price when there is a large surplus of wheat in the world. Why? Because under the agreement they are buying wheat at less than the world price. The ceiling price in the agreement is thirteen per cent below the world price of wheat today. Why is the ceiling not fixed nearer to the world price?

I wonder whether any labour union in this country would sign an agreement for five years with the maximum wage twenty-two per cent below existing rates? I base these figures on the fact that the guarantee to the farmer will net to him only $1.80 of the existing $2.31 world price, or approximately 22 per cent below the world price. Would a union sign an agreement on the basis of a possible drop of forty-five per cent in wages within the next

five years? Would any manufacturer sign such an agreement? It is my belief that they would not do so. Why, therefore, should we ask the farmers of this country to do something that we know the unions or the manufacturers would not do?

I believe, and it is the belief of many hon. members who have spoken in his debate, that during the war the farmers of this country took a great deal less than the world price for their products. In view of the fact that the farmers have taken this loss during the past five years, it would appear to me that the government is asking us to ratify, in the dying days of the session, an agreement which asks the farmers to turn the other cheek and let it be slapped also.

Mr. WILLIAM IRVINE (Cariboo): Before the question is put I should like to ask the minister, who will close the debate, to explain the basis upon which the agreement was arrived at, in respect to the actual amount that is to be paid to farmers for the wheat. Was any thought given to the price in Canada itself? It is conceivable, for example, that our farmers might not be able to produce wheat at $1.10 a bushel if the costs of their production were as high, or any thing like as high, as they are today. Therefore it would appear to me that we ought to have some assurance that the farmer's costs will go down as it is expected the price of wheat will go down. I would like the minister to give us some idea of how the amounts to be paid were arrived at. In asking that question I wish to say that, like hon. members around me, I am in full accord with the principle involved in this agreement, and should like to support it, because I believe it aims at stability for agriculture.

The hon. member who has just taken his seat (Mr. Charlton) bemoaned the prices that the farmers received during the war. If we were to abandon all this regulation and price fixing, would he guarantee to the farmers that two, three or five years from now they will be getting as much for their wheat as they are now? He would have to take a great risk to do that. This is the only sensible way to go about the thing; but, I do insist that there ought to be some relationship between the costs of producing wheat in Canada and the floor price which is expected under this agreement.

Mr. SPEAKER: Is the house ready for the question? If the minister speaks now he will close the debate.

Right Hon. C. D. HOWE (Minister of Trade and Commerce): As hon. members are probably aware, the question before us is whether we shall or shall not ratify an agreement that has already been made. The agreement was made by delegates of the government, among whom were included the leaders of the three largest wheat marketing organizations in Canada, as well as other men whose reputation as market experts is well established. The unanimous recommendation of Canada's delegates was that the agreement be ratified, as being in the best interests of the Canadian producer. It is significant that the favourable report was not confined to farm organizations in Canada. The leading farm organizations in the United States also recommended to their government that the agreement be ratified. The leading farm organizations of the United Kingdom made the same recommendation to their government. The farm organizations of other countries supported this agreement as being a satisfactory outcome of the efforts of the thirty-six countries which during the past several years have met together in attempts to bring about stability in international wheat trading.

What is the purpose of the agreement? The purpose is to take out a mutual insurance policy. The three producing countries obtain a firm guarantee, first, that they will be able to dispose of the quantities allocated to them under the agreement—in the case of Canada 230 million bushels—and second that they will be able to dispose of that quantity of wheat at a price. It is interesting to hear people laugh off the idea that there may be surpluses in this country, and that there may be difficulty in disposing of surplus wheat. Memories are very short. I was around in the thirties and I know that the most difficult problem of the country in those days was the disposal of our wheat. I know that if any minimum price had been available there would not have been much question as to what the minimum was; if we could have moved the quantity and got any price that seemed reasonable even in those days, that privilege would have been a very welcome insurance policy indeed.

As I say, the insurance policy for the producing countries is that they will be able to sell a definite quantity of wheat at a definite price. The insurance to the consuming countries is that they will be able to buy a definite quantity of wheat at a maximum price of $2 a bushel. As I say, the experts of all these countries believed that that is a desirable arrangement. I believe it is a desirable insurance policy. I believe that it will do a great deal to stabilize world markets and world price. I believe that Canada should ratify the agreement.

The question has been raised as to how many countries have ratified the agreement. I cannot say the number; I do not know how many. The date of ratification is the first day of July, and we have not as yet reached that date. We have had informal but definite advice to the effect that the United Kingdom intends to ratify the agreement. Several countries on the continent already have ratified the agreement. Australia has done so. The United States senate has adjourned temporarily without ratifying the agreement, and it is obvious that that country will not ratify it before July 1, but indications are that there is a fair chance that it will be ratified later this year.

As far as the position of the Canadian farmer is concerned, based on whether the agreement is or is not ratified within the next month, may I say that it does not make the slightest difference. Canada's export of wheat is contracted for, for the 1948 and 1949 crops.

The hon. member for Portage la Prairie (Mr. Miller) says it is obvious that the promises of the Minister of Agriculture (Mr. Gardiner), and the promises of the Minister of Agriculture of the United Kingdom, would not be carried out if the agreement was signed. I may tell him that he is mistaken about that. Conversations have taken place with the United Kingdom government, and it is clearly understood between the two parties to the United Kingdom wheat agreement that the settlement of the current wheat agreement will be made whether the multilateral agreement is signed or not.

It is all very well for hon. members to make speeches about the price of wheat, and to compare the prices obtained under the Canada-United Kingdom agreement with the domestic price in the Chicago market; for the latter is the price they are talking about. They can call it the price of No. 2 wheat if they like. The price of No. 2 wheat has been the price in the Chicago domestic market. Our No. 2 wheat price is the quotation from day to day on the Chicago grain exchange. The quantity of No. 2 wheat that Canada had to sell was small, and as a price had to be fixed, the day to day Chicago price was adopted as reasonable in the circumstances. We know that dentists, doctors, oil men and persons engaged in various professions were dabbling in the Chicago market at that time, and that the United States government was itself alarmed at speculation in that market. Nevertheless hon. members opposite like to talk about $3.20 wheat and compare that with the price obtained for Canadian wheat. We never hear the fact mentioned that the price already paid the western farmer for the 1945 Canadian crop is higher than that obtained for the 1945 crop by any other country in the world, and the final payment on that crop has not yet been determined.

No one knows what will be the final price for the pool wheat of the crops of 1945, 1946, 1947, 1948 and 1949, and I suggest it might be well to wait for the determination of that price before comparisons are made. I say that any man who attempts to base a comparison on the peak Chicago price for domestic United States wheat is attempting to deceive his listeners, and I say that without qualification.

It has been suggested that this resolution should go to the banking and commerce committee. If there were any possibility of varying the terms of the agreement, that might be worth while; but when it is a simple decision, whether Canada will or will not be a party to the agreement, it seems to me the question is sufficiently clear to make unnecessary any reference to a committee.

Questions have been asked about the details of the agreement. The agreement requires no great comment. The price fixed is the price between countries. It does not interfere with the policy of any country regarding its domestic wheat. We know that the United States intends to fix wheat prices for the current year somewhat above the maximum price provided for in the agreement for wheat sold to any export markets. Any country can do the same. I think that covers the situation.

Mr. MILLER: What about stocks?

Mr. HOWE: The 70,000,000 carry-over at July 31 includes domestic requirements. That is not wheat available for export. It is the smallest carry-over, I believe, this country has ever had at the end of a crop year. Last year it was about 75,000,000 bushels. It is necessary to have some carry-over to take care of requirements before the new crop moves into all domestic markets.

Mr. CASTLEDEN: Is it not true that under article VI the minimum price for the last three years is subject to negotiation?

Mr. HOWE: Yes, the minimum price is subject to negotiation. If it appears that the minimum is too low, it is possible to reopen the subject, but we have definite assurance that the minimum prices stated will be the minimum. Any renegotiation will be upwards.

Mr. MILLER: Would not the two other years also have to be negotiated? How would you fix a price between the maximum and the minimum?

Mr. HOWE: It would be fixed by the law of supply and demand, between the upper and the lower limits. In the old days trading had no upper and no lower limit. Now it has both.

Mr. MILLER: You might have a spread of fifty cents, and you might have the minimum of $1.10.

Mr. HOWE: Certainly, and we might be glad to take it.

Mr. SPEAKER: Is the house ready for the question.

Some hon. MEMBERS: Carried.

Mr. McCUAIG: May I ask a question?

Mr. SPEAKER: The debate is closed.

An hon. MEMBER: It is only a question.

Mr. SPEAKER: Is it the pleasure of the house to adopt the motion?

Mr. ROSS (Souris): On division.

Motion agreed to.

PRIVILEGE

REFERENCE TO STATEMENT IN DEBATE ON JUNE 19

On the orders of the day:

Mr. JULIAN H. FERGUSON (Simcoe North): Mr. Speaker, on Saturday evening last I spoke on the question of coal mines, and a certain gentleman met me in the halls of this building and threatened me by saying that for what I had said in the House of Commons, on behalf, I believed, of the people of Canada, he would come into my riding and defeat me. I do not think this man should make such assertions or threats. Furthermore, if he is not more successful in defeating me than he was with his coal project, I shall be a member for a long time.

WHALE MEAT

QUESTION AS TO FEDERAL INSPECTION

On the orders of the day:

Mr. G. A. CRUICKSHANK (Fraser Valley): Mr. Speaker, I wish to direct a question to the parliamentary assistant to the Minister of Agriculture. Is the whale meat now being sold in Vancouver subject to the same federal inspection as good Fraser valley beef?

Mr. ROBERT McCUBBIN (Parliamentary Assistant to the Minister of Agriculture): No notice has been given me of the question, though I have been around all day. When I get notice I will look into the question and give an answer.

Mr. CRUICKSHANK: You have notice now.

[Mr. Miller.]

PRICES

OPPORTUNITY FOR DISCUSSION—REPORT OF SPECIAL COMMITTEE

On the orders of the day:

Mr. W. ROSS THATCHER (Moose Jaw): Mr. Speaker, I wish to direct a question to the Secretary of State for External Affairs. Can he tell the house whether, should the prices committee report or even if does not, this house will have an opportunity to debate the matter before the session ends?

Right Hon. L. S. ST. LAURENT (Secretary of State for External Affairs): Unless I am seriously mistaken, the question appears to be one concerning domestic rather than external affairs, and I must confess my inability to answer it.

Mr. THATCHER: Is not the right hon. gentleman house leader? I was asking him the question in his capacity as house leader.

[*Later*:]

Mr. THATCHER: Mr. Speaker, I should like to direct a question to the house leader, the Minister of Public Works (Mr. Fournier), if he is the house leader. Is it the intention of the government to allow a debate, before the session ends, on the matter of prices, whether the prices committee reports or does not report?

Hon. ALPHONSE FOURNIER (Minister of Public Works): My experience as leader is limited, but I would say that the intentions of the government are generally announced by the government when they have made a decision. I will refer this question to the real leader of the house.

CANNED AND PROCESSED FISH

PRINCE EDWARD ISLAND—REQUEST FOR COMPULSORY INSPECTION—SALES PROMOTION

On the orders of the day:

Mr. W. CHESTER S. McLURE (Queens): I wish to direct a question to the Minister of Fisheries. He was here this morning but I did not get an opportunity to put the question and I should like to have it on the record now. Has the request of the Prince Edward Island fish canners and packers for compulsory inspection of all their canned and processed fish products, been granted? If not, why not?

A second question I wish to ask is this: Will the fisheries prices support board or the Department of Fisheries endorse and support a participating advertising sales promotion plan for their canned and processed fish products from the province of Prince Edward Island? If not, why not?

P.E.I. FERRY SERVICE

WOOD ISLAND-CARIBOO DOCKING FACILITIES

On the orders of the day:

Mr. ROBERT H. WINTERS (Parliamentary Assistant to the Minister of Transport): Mr. Speaker, on June 18 the hon. member for Queens (Mr. McLure) asked a question which was taken as notice:

Will the minister provide immediately a tug to assist the ferry boat *Charles A. Dunning* in docking at the Wood Island pier, as difficulty is found by this boat in docking during the completion of the construction work?

The answer is: The Department of Public Works is carrying out considerable repairs and improvements on the Wood Island pier, and I understand that the nature of these repairs is such that they can only be done in the wintertime. A start was made during last winter by Public Works, and while their equipment was at Wood Island their tug assisted the *Charles A. Dunning* in docking. Work has been suspended until late next fall and the tug has been removed elsewhere to perform other work.

The ferry company operating between Cariboo and Wood Island is a private concern in receipt of a subsidy through the maritime commission. If and when tug assistance is necessary, the company should undertake to provide it at its own expense. The repairs to the pier at Wood Island were undertaken at the company's request.

FARM PRICES

POWERS OF AGRICULTURAL PRICES SUPPORT BOARD EXTENDED BEYOND MARCH 31, 1948

Mr. ROBERT McCUBBIN (Parliamentary Assistant to the Minister of Agriculture) moved that the house go into committee to consider the following resolution:

That it is expedient to bring in a measure to provide that section nine of the Agricultural Prices Support Act, 1944, dealing with the powers of the agricultural prices support board, shall be deemed to have continued in force after March 31, 1948, and that it may be continued in force for such further period as the governor in council may fix by proclamation.

Mr. CRUICKSHANK: Before you leave the chair, Mr. Speaker, I should like to discuss briefly the flood situation in the province of British Columbia.

Mr. KNOWLES: This is not a motion to go into supply.

Mr. SPEAKER: Order.

Mr. CRUICKSHANK: I want an opportunity to speak on that matter. If I do not get it now, I will get it later.

Mr. SPEAKER: This is a motion to go into committee on a resolution dealing with the Agricultural Prices Support Act, 1944. Is it the pleasure of the house to adopt the motion?

Mr. BRACKEN: May I ask the parliamentary assistant to the minister whether he prefers to make a statement now, or to wait until we are in committee?

Mr. McCUBBIN: I would just as soon wait until we get into committee, if that is agreeable.

Mr. BRACKEN: Agreed.

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

Mr. McCUBBIN: The purpose of the bill to be founded on this resolution is to continue in force section 9 of the Agricultural Prices Support Act, 1944, which, through a technicality, expired on March 31, 1948.

Section 9 of the act defines the powers of the agricultural prices support board. This section did not come into force immediately upon assent to the act itself, but was brought into force on April 1, 1946, by proclamation of the governor in council. At that time it was thought that another proclamation could be issued extending section 9 for a further period. In fact, a proclamation was authorized by order in council dated March 25, 1948, but the Department of Agriculture was then advised by the Department of Justice that section 9 could be continued in force only by act of parliament. Consequently this amendment is presented for the approval of the house.

The amendment does not change the act, either in principle or in detail. It merely provides for the continuance of the act as it was prior to March 31, 1948.

Mr. BRACKEN: I think perhaps at this preliminary stage, in view of the fact that the house wishes to proceed with its work as rapidly as possible, it might be better to defer further comment until the bill itself is before us.

Mr. McCUBBIN: That is perfectly agreeable.

Resolution reported, read the second time and concurred in. Mr. McCubbin thereupon moved for leave to introduce Bill No. 392, to amend the Agricultural Prices Support Act, 1944.

Motion agreed to and bill read the first time.

WAR PENSIONS AND ALLOWANCES

REMOVAL OF TIME LIMIT IN APPLICATION FOR CERTAIN PENSIONS

Hon. MILTON F. GREGG (Minister of Veterans Affairs) moved that the house go into committee to consider the following resolution:

That it is expedient to bring in a measure to remove the time limit in which an application for pension in respect of death may be made under parts I and X of the Civilian War Pensions and Allowances Act.

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

Mr. GREEN: Does the minister not intend to make a statement on this resolution?

Mr. GREGG: Yes. This resolution is with respect to two brief amendments to the Civilian War Pensions and Allowances Act to enable the dependents of personnel killed to obtain pensions as was intended in the original act; owing to certain circumstances, it has not been possible under the act for them to obtain those pensions. The resolution and the terms of the amendments to be introduced have been recommended by the parliamentary committee on veterans affairs, and the bill is ready.

Mr. GREEN: Will the amendment apply to the merchant navy men themselves, or only to their dependents?

Mr. GREGG: These amendments will apply only to the dependents of certain personnel of the Canadian merchant marine, salt-water fishermen and R.A.F. ferry command who are dead, permitting their dependents to come under the act. It does not apply to the living survivors of these services.

Mr. GREEN: I ask that question because the act itself gives these men only one year in which to apply, does it not?

Mr. GREGG: That is right.

Mr. GREEN: Apparently that one year provision is to be continued; unless the merchant sailor applied within a year of receiving his injury, he still is prevented from making application for pension. Is that right?

Mr. GREGG: No difficulty has been experienced in that regard. Perhaps I might give a little more detailed explanation at this stage.

The effect of the bill to be introduced is to remove the time limit for application for pension in respect of a deceased Canadian merchant seaman and salt-water fisherman. It seems unreasonable to deny pension to dependents, who are otherwise entitled to it, simply because through ignorance of the statutory rights or other reasons, they did not comply with the statutory limit of twelve months. That applies to dependents. There are some cases in which they did not know that they were eligible; consequently the date will be extended. The bill should conform to the war pensions act on which it is based. In view of the limitation in section 7, the removal of the time limit in respect of death only will affect a comparatively small number of cases, but will permit of an award in certain instances of hardship. That is the first one.

The other portion of it deals with dependents of deceased members of the R.A.F. transport command. As hon. members will recall, it was necessary for necessitous circumstances to exist for them to be eligible. This amendment is to cover cases where necessitous circumstances may not have been in existence earlier, but now are.

Mr. GREEN: Is the time limit to be removed entirely in connection with the dependents of merchant seamen and ferry command men, or is it simply to be extended?

Mr. GREGG: It is a matter of removal, rather than extension, as applied to the dependents.

Mr. GREEN: And also in respect to men in the ferry command?

Mr. GREGG: That is right, for dependents.

Mr. GREEN: I suggest to the minister that in all fairness the time limit against merchant seamen themselves should also be removed. Merchant seamen must apply within one year of suffering disability; otherwise they cannot obtain any pension. I suggest that is unfair. There should be no time limit against them, any more than against the dependents of a man who lost his life. It is difficult enough, goodness knows, for either a merchant seaman or his dependents to establish the right to pension, because the disability or death must have been caused directly by enemy action. I do suggest that there is no reason why there should be a time limit against merchant seamen themselves.

Mr. GREGG: In the discussion which took place on this general subject there were no indications that any were suffering hardship because of the time limit. However I shall undertake to follow up the matter in the coming months, and if there should be such cases they will be taken into consideration.

Mr. GREEN: Is there any reason why there should be a time limit of one year or any other period of time against merchant seamen? There is no time limit for members of the army, the navy or the air force; they need

only show that the disability was caused by war service. In those circumstances they can qualify for pension. Is there any reason why the same rule should not apply to members of the merchant navy, particularly in view of the fact that it is so much more difficult for them to establish the right to pension?

Mr. GREGG: I should not like to answer the hon. member without looking more deeply into the matter. Like the hon. member, at the moment I cannot see any reason. However I should like to look into the background, and into the discussion concerning this matter, before I reply.

Mr. GREEN: I take it there will be some time between the passing of this resolution and the debate on the bill. Perhaps in that time the minister could give consideration to my suggestion. As he knows, once an act is amended it is difficult to have another amendment in the next year. The tendency is to delay, and the act may not be amended again for several years.

Here is an amendment which should be brought in, in the same bill which amends the right of the dependents. I would urge that the minister give consideration to extending his amendment so that it would cover the merchant seaman himself, as well as the dependents of those who lost their lives.

Mr. GREGG: While I have no knowledge of any hardship being experienced with respect to the time limit for the men themselves, I do know of a number of cases of serious hardships which this bill will seek to correct. I would prefer at this stage, therefore, that these amendments now before us might be passed, and that the other matters might be given close attention.

Mr. GREEN: One reason the minister has not seen the effect of such cases is that the restrictions against merchant seamen, and for that matter against the dependents, are so very strict. It must be shown that the disability arose directly from enemy action. According to the figures given on June 15 to the committee on veterans affairs, there are only sixty-six merchant seamen drawing disability pension at the present time, although there were about 18,000 who served. There have been 490 favourable decisions for dependents of merchant seamen. Those figures show what a ridiculously small percentage of these people qualify for pension. As the minister knows, the merchant navy suffered a higher percentage of casualties, speaking relatively, than either the navy, the army or the air force. These men have not had a fair deal. Perhaps that is one reason why now there are no further applications being made for pensions—simply because they were shut out one year after they suffered disability.

As the minister knows, that is an unfair situation. Men who went out from our ports —from Halifax or from Vancouver—and who were disabled, could not qualify for pension unless disability resulted directly from enemy action. For instance, I know of one man who stumbled during a black-out in England. He fell over the edge of his ship, and was killed. His dependents could not qualify because the death was not directly caused by enemy action. Another young lad went out from Vancouver and contracted a tropical disease, with the result that his health was ruined. He can get no pension because the disease could not be traced directly to enemy action.

Surely that is unfair. Not only should the time limit be removed for the men themselves, but the basis upon which pension is granted should be broadened. It is much too restricted now, when it states that a man must have suffered disability or that death must have been caused by direct enemy action. That portion of the act should be changed. I am sorry this is not being done in this amendment. This is a basic injustice which should be remedied, and now is the time to do so.

Mr. GREGG: Perhaps I am completely out of order in continuing with this discussion. The hon. member, who sat on the committee, knows that it has discussed these points raised this afternoon, and many others. At this time the committee is preparing its final report to the house. A request was made that this matter be brought before the house while there was still time to get the amendment through—although I imagine I am out of order in discussing what a parliamentary committee may be preparing this afternoon for presentation to the house.

The point raised by the hon. member is, I know, on the agenda of the committee. I would suggest, therefore, that we permit first reading of the bill and have it stand for second reading, and later the committee will have made its report.

Mr. MacINNIS: I should like to support the hon. member for Vancouver South on the point he has raised. While doing so, may I compliment him upon his steadfast effort to get a better deal for the merchant seamen. As the minister well knows, merchant seamen have felt all along that they have been discriminated against, as compared with members of the various branches of the armed services.

The minister has suggested that the matter be left until next session, and that if he finds

there are cases such as have been described he will be prepared to amend the act at that time. Unless the time limit is removed, the minister is not likely to have any cases before him, because the matter would be closed as far as merchant seamen are concerned. He will have nothing to report or no reasons for reporting at the next session.

I suggest that the time limit should be removed and then, if there are no cases presented, there at least would be no cost to the treasury. If cases are presented they can be investigated and, if justice demands, pensions should be allowed. If the time limit is not removed these men are shut out. I suggest to the minister that, before the bill is up for second reading, he give careful consideration to having the time limit removed.

Mr. FERGUSON: I should like to add my support to what has been said. If the government of Canada feels that any man who served in the merchant marine is entitled to compensation for injuries he may have received while serving during the war, I am sure that this country will be ready to grant such compensation. To have a time limit of one year is not fair to these people, and it would deprive the country of an opportunity to do what is reasonable and just and fair.

I am sure that the minister, the government and the people of Canada do not want anything placed in the way of a man receiving compensation when he is justly entitled to it because of the services he gave during the war. By having a time limit of one year, this country cannot make the contribution to these people to which they are entitled.

Resolution reported, read the second time and concurred in. Mr. Gregg thereupon moved for leave to introduce Bill No. 393, to amend the Civilian War Pensions and Allowances Act.

Motion agreed to and bill read the first time.

SASKATCHEWAN NATURAL RESOURCES

AMENDMENT RESPECTING SALE OF SCHOOL LANDS TO VETERANS

Hon. J. A. MacKINNON (Minister of Mines and Resources) moved the second reading of Bill No. 364, to amend the Saskatchewan Natural Resources Act.

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

[Mr. MacInnis.]

YUKON PLACER MINING ACT

AMENDMENT TO SUBSTITUTE "GOLD COMMISSIONER" FOR "COMMISSIONER" ETC.

Hon. J. A. MacKINNON (Minister of Mines and Resources) moved the second reading of Bill No. 362, to amend the Yukon Placer Mining Act.

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

Sections 1 to 19 inclusive agreed to.

On section 20—Schedule H.

Mr. BLACK (Yukon): The legal branch of the Department of Mines and Resources was kind enough to submit these amendments to the Yukon Placer Mining Act to me. I discussed them fully with the officials and I consider the amendments are necessary and proper.

Section agreed to.

Bill reported, read the third time and passed.

YUKON QUARTZ MINING ACT

AMENDMENT TO SUBSTITUTE "GOLD COMMISSIONER" FOR "COMMISSIONER", ETC.

Hon. J. A. MacKINNON (Minister of Mines and Resources) moved the second reading of Bill No. 363, to amend the Yukon Quartz Mining Act.

Mr. GEORGE BLACK (Yukon): Mr. Speaker, I do not object to the bill receiving second reading, but I should like to say something on certain sections of it. With the consent of the minister, I should like to have this bill considered in committee tomorrow rather than this afternoon.

Mr. MacKINNON: Mr. Speaker, the hon. member for Yukon spoke to me about this, and I am quite agreeable to following his suggestion.

Motion agreed to and bill read the second time.

SUPPLY

FLOOD CONDITIONS—BRITISH COLUMBIA

Hon. ALPHONSE FOURNIER (Minister of Public Works) moved that the house go into committee of supply.

Mr. G. A. CRUICKSHANK (Fraser Valley): Mr. Speaker, before you leave the chair I should like to say a few words in connection with the floods in British Columbia. I shall not

go into details as to why the floods occurred or as to what might have been done to prevent them. My personal friend and colleague the hon. member for Vancouver North (Mr. Sinclair), speaking on my behalf, made an excellent speech in that connection. I should like to express my appreciation to the hon. member for Nanaimo (Mr. Pearkes) and the hon. member for Kootenay West (Mr. Herridge), who protected me during my absence in the way of a pair.

On behalf of my riding in particular and all the people affected by the flood, I wish to express our appreciation to all the people of Canada for the way in which they came to our assistance in what has become a national calamity. To the members of the armed forces and to everyone who has contributed in any way to our assistance, we express our appreciation.

I should like to mention one or two things on which the government should take action immediately. The government should immediately put a ceiling on hay and other feed. Already in British Columbia we have people going around trying to secure what feed will be available for next year and all available feed now for cattle. If the government has not already done so, it should immediately put a ceiling on all feed stuff for cattle in Canada.

I do not think the government has gone far enough in its concessions respecting income tax. I understand that the government has generously extended to the end of June the period during which farmers whose land is now ten to thirty feet under water may file their returns. The government could very well afford to wipe out income tax entirely for farmers in any of the flooded areas. I strongly urge that that action be taken by the government immediately.

I would also ask the government, when the Prime Minister (Mr. Mackenzie King) makes his announcement, which I hope will not be later than tomorrow, to state what the eventual financial set-up is to be for the rehabilitation of our farmers. As was pointed out by the hon. member for Vancouver North it would have a great effect on the morale of the flood victims if they could know exactly where they stand and what is to be done in their behalf. I realize that the details cannot be worked out overnight, but surely by this time the government should be in a position to say what the federal government will do for the victims in all parts of British Columbia who have been flooded out.

I had the privilege of taking the Secretary of State for External Affairs (Mr. St. Laurent) over certain portions of my riding, and I was very glad of that privilege because I know his sympathy with everybody in Canada and it must have affected him to see those flooded-out homes. I do not think we have ever had, in my time at least, a calamity which has affected the people of Canada so much as the recent floods in British Columbia. I for one shall make no attempt to estimate the damage. When you have from eight to thirty feet of water over your home or farm, how can even an engineer or other expert estimate the damage?

I am particularly interested to see that the Minister of Public Works (Mr. Fournier) is listening to me, because I have been trying to catch his ear in this connection ever since 1940. I am not a diking expert, but I heard 20,000 of them tell me what ought to have been done in my riding, and I honestly believe that if governments of the past had done their duty we would have had no flood, at least in the immediate district in which I live.

The hon. member for New Westminster (Mr. Reid) and I have consistently endeavoured to have the Department of Public Works secure adequate dredging equipment for the great Fraser river, which is one of the largest rivers on the North American continent. The only dredge we have available to keep that channel clear is a forty-year-old dredge which is constantly busy at the mouth of the river. I remember, as a boy, that where large boats used to go up the river you can now throw a stone across. Last summer at Calamity Point near the mouth of Harrison river I got out in my gum-boots and waded half way across the Fraser river. It does not take any engineer to know that if the water of the Fraser river cannot get out to the Pacific you will have river bank erosion and disastrous floods. I do not think we would have suffered half the damage that was done this year if proper dredging equipment had been secured when it should have been secured. I want the Minister of Public Works to tell me what steps he has taken to secure adequate dredging and other heavy equipment to restore the dikes and repair the damage that was done. One of the dredges that was brought in to construct Sumas dikes came from Panama. If we are to save this fertile valley from floods next year construction on these dikes must be started immediately. We cannot wait for six or eight months. The necessary equipment should be ordered today.

I had the pleasure of showing the Secretary of State for External Affairs how high the water was on the telegraph poles along the great Canadian Pacific railway. The Canadian Pacific Railway Company have never paid five cents on the construction and maintenance of

dikes. There have been at least three wash-outs on their line. They cannot deny what pictures show, and I can assure hon. members that I took good care to take plenty of pictures showing the water in front of my own home and throughout that whole area. I have a letter here from the president of the Canadian Pacific Railway Company, and I am going to take time to read it. I would not feel so bitter about this if I had not seen neighbours, sixty-five and seventy-five years of age, with their entire investment flooded out, with pianos and everything else floating down the stream, all of which could have been prevented if governments over the past twenty-five years had had any initiative and had taken the proper action. The Canadian Pacific Railway Company have never done anything in western Canada that they were not paid plenty for doing. They have refused to accept their responsibility. Either the president of the Canadian Pacific and his officials were deliberately giving false information to the minister, or he has otherwise been misinformed.

This is a letter sent to me by the Minister of Transport (Mr. Chevrier) under date of November 3, quoting the president of the Canadian Pacific Railway Company:

> The Mission subdivision extends from the main line at Mission, B.C., southerly for a distance of 10·1 miles to Huntingdon. It was placed in operation in June, 1891, that is, prior to the construction of the Matsqui dike. The company, from time to time, has been requested to contribute toward the cost of the Matsqui dike, but has consistently refused on the ground that the dike does not benefit the lands of the railway company. Under the Drainage, Diking and Development Act of British Columbia, provision is made for the exclusion from a diking district lands not benefited. In 1895, a court of revision, because the company's land did not benefit, exempted the company from assessments in connection with the dike.

That information was supplied to me in a letter dated November 3, 1947, and was given to the minister by the president of the company. I shall be glad to give pictures to the minister showing that the company put a dam across by rock filling near the Mission bridge, and did it for years. I asked a question whether rock had been dumped, and the answer I received in an order for return was that the department had no authority and no information. I, as a private member, was told that if I wanted this information I would have to ask the company for it.

The story is a little different this year. I have pictures which were taken in 1938 by a professional photographer, showing the rock being dumped in, rock which caused five feet of silt to flow over the British Columbia Telephone Company cables. They were not able to raise the cable because of that silt. It also caused the bridge to go out two weeks ago, and took 100 feet of the Matsqui farmers' dike with it.

Apparently the government found out something different in the meantime, because on April 19, 1948, I received this letter from the Minister of Public Works telling me that they could now get this information, but that last year they did not know anybody with authority who could, and that I as a private member, last year, had better ask the Canadian Pacific Railway Company. This is the letter:

> During the years 1937 to 1945, the company has deposited approximately 44,000 tons of rock around the piers of this bridge and soundings taken indicate that the dumping of this rock has raised the river bottom near the piers, but has scoured the channels between the piers so that the cross-section of the river at this point is approximately the same. Gauges placed above and below the bridge indicate that there has been no retarding of the flow due to the placing of the rock.

It was at this spot that a span of the famous Canadian Pacific railway bridge went out, taking with it a hundred feet of our dike. In 1894 or 1896 the Canadian Pacific Railway Company themselves drove the piles, some of which are still remaining, to protect this river bank. I shall be glad to produce these pictures for the minister.

I do not believe in recriminations. In May, 1948, I was not scoffed at exactly, but I do not think I received the entire approval of certain members of the government when I said that the two great trans-Canada railways would be out within twenty-four hours. Actually they were out within ten hours. I pointed out that it was not a Fraser valley matter; that it was a national matter. When you cut off the third city of the Dominion of Canada, which affects the economy of Canada, it must be a national matter. Recriminations will not get us anywhere.

It is up to the government of Canada to make known to the people of my riding and to the people of the Dominion of Canada what they intend to do. They should issue a definite statement now as to what they intend to do to rehabilitate, in so far as money can do so, these pioneers and these people who have lost their all.

What is to be done for the municipalities? I should like the government to state definitely, in conjunction with the provincial government, what is to be done. How are our municipal taxes to be met this year? Our schools must go on. I am speaking particularly of the Fraser valley because that is the place I know most about. Other hon. members can speak of the whole of British Columbia. I am

primarily interested in my own district and know more about it than I do of other districts. How are the municipalities to carry on their schools, how are they to re-establish their bridges, culverts and roads that have all been washed out, to say nothing at all of the personal loss of the individuals concerned? It is up to the Prime Minister to make a definite statement in that connection. He should tell us what action the federal government is going to take. He should make that statement tomorrow.

Perhaps I am a little overwrought. But when you have lived all your life in a district and you see such suffering among the people as I have seen, you are bound to get that way. Fortunately there has been no loss of human life. That is the most fortunate thing that came out of it. It is also fortunate that we have found out who our friends are. We found that the people of Vancouver, and the people of the entire province, responded to our call for help. Since that time, arrangements have been made, in part, by the two governments to recompense the people who have lost their all. I shall give one instance, and it is typical of others. The Johnston Cartage Company of Vancouver sent their trucks and equipment out there, not knowing whether they would get them back or not, and knowing they would not be paid five cents. One of those trucks is under fifteen feet of water today. They did not ask whether they were to be paid or who was to replace the truck. The people of Vancouver sent equipment and other help at once.

I admit that the government has gone a long way so far in conjunction with the provincial government. What are they going to do to replace the dike? We in the Fraser valley will not be satisfied until we have the river controlled from top to bottom. We will not be satisfied unless we have a proper dike constructed, what we call a two-truck dike. You can stop any break in a dike if you are able to get at it with material and equipment. After all, we are a part of Canada. We demand that this dike be reconstructed, so that we can defend it, not only on behalf of the farmers of the Fraser valley but also on behalf of the entire people of Canada.

Two great trans-Canada railways have to be defended. The British Columbia Electric Railway Company have a railroad to Chilliwack which must be defended. Through you, Mr. Speaker, I am urging the government to give an immediate answer, indicating what is to be done by the federal government. I am urging the Minister of Public Works to tell us without further delay whether or not they are endeavouring to procure suitable dredging equipment, so that such a catastrophe as this may never happen again in British Columbia or anywhere in the Dominion of Canada.

Mr. H. G. ARCHIBALD (Skeena): First I should like to compliment the hon. member for Fraser Valley (Mr. Cruickshank) on his moving and able outline of the conditions in the Fraser valley. From the descriptions I have had of that area and from what I have seen of it, it is a major catastrophe. One of my friends told me that perhaps it will be the thing that will stand out in his memory as the greatest catastrophe that he has ever witnessed or will have to witness. The suffering is intense and the uncertainty of the people is terrific. They do not know whether to go to their lands and start all over again. Therefore I should like to support the hon. member in asking that rehabilitation measures be announced immediately in so far as replacement of equipment, crops and so on is concerned.

I should like to point out to the government that other areas as well have suffered loss. I have not mentioned my own area before, because of the outstanding difficulties of the Fraser valley. They were of first importance. Not so many people are affected on the Skeena river, but they have suffered just as intensely as the people of the Fraser valley. The hon. member for Kootenay East (Mr. Matthews) has pointed out what happened in Kimberley and so on. Areas are affected all over the province. I wish the federal authority would step in and help flood victims wherever they are. It will be noticed how swiftly the United States federal authority steps into the picture when there is flood damage.

In my own area along the Skeena river, especially around the towns of Terrace and Usk there has been suffering. The province simply has not been measuring up to its responsibilities. I do not wish to be too harsh. I think the thing is too big for them to handle. I know the Minister of Public Works (Mr. Fournier) has able and willing men in his department who could step in and assess difficulties and carry out the rehabilitation measures that are necessary on the Skeena river.

I do not want to hold up the time of the house any longer because the question has been outlined before, but I thought it was about time that I brought in the Skeena so that the general picture could become apparent, and that an over-all flood policy would be brought into being by the federal authority and measures taken wherever there are flood victims.

Mr. HOWARD C. GREEN (Vancouver South): Mr. Speaker, I should like to say a word in support of the stand taken by the

hon. member for Fraser Valley (Mr. Cruickshank) and the hon. member for Skeena (Mr. Archibald). I do not think it can be questioned that this is a national catastrophe. Certainly it is by far the worst situation the people of British Columbia have ever had to face, and we feel that the people of eastern Canada have been wonderful in the way in which they have given help at this time. The people of different cities, Montreal and Toronto, and many other centres, have helped out, and that very action has done more to create good will in British Columbia toward eastern Canada than anything else could have done.

Now, however, we are asking that the government make an announcement with regard to plans for rehabilitation. I believe it is necessary that the lead should come from here. The provincial government has been very good also in the way in which it has come to the rescue of those who have suffered so much, but there is need for the two governments to get together and decide upon and announce some plans for the rehabilitation of these sufferers. We hope that an announcement will be made before the parliament prorogues. The need is great, and it will make all the difference to these people if an announcement is forthcoming before prorogation.

Mr. O. L. JONES (Yale): Mr. Speaker, I had not intended to speak on this matter; but, having flown over the area discussed, I am 100 per cent behind the hon. member for Fraser Valley (Mr. Cruickshank). I should like to point out, however, that other areas of British Columbia were flooded as well, and therefore, in dealing with this matter, it should be, not only relief for Fraser valley but relief for the whole of British Columbia. There are areas in Yale, such as Keremeos, Hedley and Grand Forks, that have suffered, though not on so vast a scale as the Fraser valley; but definitely, as individuals, men in those areas have suffered as greatly as individuals in the Fraser valley. I suggest, therefore, that any relief to be given should be given to all who suffered in British Columbia.

While this is an act of nature that could have been prevented to a certain extent, there is another danger to which I would call attention, and that is the level of Okanagan lake. This lake is now at least twelve inches higher than it has ever been before at this time of the year, and I would ask the Minister of Public Works whether it is his intention to implement the report that was made on the lake level and flood control about four or five years ago.

[Mr. Green.]

This was a splendid report. It covered controls of the Columbia river basin and the Okanagan valley, with all adjacent rivers and waters. If this report were implemented, the danger facing the towns of Penticton, Kelowna and all towns along Okanagan lake would be absent today. But it is greater than it ever was. Five years ago several buildings in Penticton were affected by water. Most of the cellars were full of water and many buildings could be reached only by boat. The condition in the next month will be equally grave, if not graver than it was at that time. In this case steps could have been taken and should have been taken to carry out the report made years ago by the engineers. Had that been done, there would be no danger today. I would ask the Minister of Public Works whether it is his intention to implement the report on flood control in the Okanagan valley in the immediate future.

RECENT BY-ELECTIONS—SUGGESTED TAX CHANGES, COST OF LIVING, ETC.

Mr. DONALD M. FLEMING (Eglinton): Mr. Speaker, there are some events of recent days which I think call for some brief comment in this debate. They were given direct point by the fact that three new hon. members took their seats in the house today.

A statement was issued by the Prime Minister (Mr. Mackenzie King) on the ninth day of this month concerning the reasons for the defeat of government candidates in three by-elections held this month. I do not propose to read the entire statement, but the first paragraph is as follows:

> The lead which the C.C.F. has gained in the recent by-elections reflects the inevitable dislike felt by persons of all classes for high living costs, and privations and restrictions of any kind.

The statement concludes with this paragraph:

> It is, however, the long run rather than the short run which counts for most. It would be a mistake to attach too much significance to C.C.F. gains in the present.

I am no alarmist, Mr. Speaker, and I do not think for one moment that the government defeats in these three by-elections, and the election of twenty-two C.C.F. members in the recent provincial election in Ontario, can be traced to the fact that all who voted for candidates of that party were socialists by any means. Far from it. They were prompted no doubt by unrest, and certainly by the failure of the government to grapple with the twin problems of high cost of living and high taxes. However, the result of the government's failure to grapple with these problems

has been that the normal danger from socialism with its policies of regimentation and the peril it presents to our conception of individual freedom, is now accompanied by a further threat. Whether the C.C.F. like it or not—and they have indicated that they did not like it—the fact is that the C.C.F. candidates in those elections, both in Ontario and in the three federal by-elections, did receive the votes of the Labour-Progressive party in all except two provincial ridings in the city of Toronto. That is the fact.

The Labour-Progressive leader in Ontario has already been boasting of the fact that the C.C.F. candidates elected in the provincial election owe their election to communist support. I am not going to dwell on that theme, because I think the situation has been well known for some time, but I do wish to lay the responsibility where I think it belongs.

The responsibility for the apparent rise of the socialist threat in this country, with the assistance of communist support, I should like to trace back to the point where I think it properly begins. I think it began in February, 1942. You will remember, Mr. Speaker, that in that month there were some federal by-elections in this country. You will remember one of them well. There was another one held in the riding of York South, and for the first time a C.C.F. member was elected to the House of Commons from an Ontario riding because he received the full support of the Liberal machine in that by-election campaign. The Liberal party and the government kept a candidate out of the field in that by-election campaign.

Mr. SINCLAIR: The hon. gentleman knows that was a courtesy accorded by the government to one of many new leaders of the Tory party.

Mr. FLEMING: If the hon. member knew the whole story he would not put his neck out with such a silly statement. What he has said refers to the guise under which the whole trick was planned, but when one saw how it worked out in execution, this is what happened. The government did not put a candidate in the field—

Mr. SINCLAIR: As a courtesy to Arthur Meighen.

Mr. FLEMING: The hon. gentleman professes that they were extending a courtesy to the leader of the Conservative party, as it then was.

Mr. SINCLAIR: We offered the same courtesy to John Bracken for three years and he would not take it.

Mr. FLEMING: The by-election campaign wore on and the Liberal party began to take a direct interest in it. When election day came the whole trick was exposed and we saw the Liberal organization in York South riding lined up bag and baggage behind the C.C.F. candidate. That is why the C.C.F. won that by-election in York South in 1942. Let there be no mistake about that.

Mr. SINCLAIR: The Tories were so derelict in policy that no Liberals would vote for them.

Mr. FRASER: You do not know what you are talking about.

Mr. SINCLAIR: I certainly do.

Mr. FLEMING: The present Prime Minister of this country saw fit, in the statement he made following the announcement of the result of that by-election, to express himself as being grateful to the electors of York South. If anyone is still so naïve as to think the full weight of the Liberal machine was not put behind the C.C.F. candidate in order to elect him in York South on February 9, 1942, it is high time he took the scales off his eyes and woke up.

That was the beginning of the rise of the C.C.F. in Canada. Until that time there had been some slight success in the middle prairies, but that was the beginning of the C.C.F. climb, and it can be laid directly at the door of this government, because it was their deliberate policy to support the C.C.F. there in order to defeat the Conservative candidate.

Mr. SINCLAIR: You are mad because the Liberals won.

Mr. FLEMING: That is the beginning of the story; and the story continues through a long series of compromises made by this government with the socialists in this house and outside it, apparently toying with the idea that they could somehow bring the socialists to climb on the Liberal band wagon.

An hon. MEMBER: What are they doing in Saskatchewan?

Mr. FLEMING: That is why responsible sources in the Liberal party apparently saw fit in the years 1945 and 1946 to make the now well-known offer of the Liberal leadership to the present leader of the C.C.F. party. What we have been seeing in recent days are the chickens coming home to roost. This government, after that series of compromises, of attempting to play along with the socialists, is now reaping the fruits of its policies. The chickens are coming home to roost.

An hon. MEMBER: Coming home to roost with the Tories.

Mr. FLEMING: At the moment we see this government going through a process of complete disintegration. The Minister of Agriculture (Mr. Gardiner) is out in Saskatchewan today fighting desperately to win some seats and making statements out there with respect to which we ask the government for further light in this house, but we cannot get that light.

Mr. SINCLAIR: Is he co-operating with the C.C.F.?

Mr. FLEMING: Of course the questions were prompted by reports from the fighting front in Saskatchewan, of statements attributed out there to the Minister of Agriculture concerning the removal of the embargo on the shipment of beef cattle to the United States. We have asked the government day in and day out what its policy is with regard to that question, but government policy is wrapped in silence. We cannot get any information about it. Apparently the government has no policy with regard to this question until after June 24. In the meantime, the untoward effects that could be anticipated from the removal of the cattle embargo have already occurred, because prices of beef have been going up. Producers, on the other hand, have not been getting any benefit at all. Prices to the consumer have been going up.

Then, to complete the picture of disintegration of this government, we are faced with another change a little farther to the east. We see the whole Liberal machine—

Mr. KNOWLES: Joining forces with the Tory party in Saskatchewan.

Mr. FLEMING: —and its campaign chest geared to be thrown into the provincial campaign in the province of Quebec in order somehow to try to wrest a Liberal victory in that province. Of course that will not succeed.

Some hon. MEMBERS: Oh, oh.

Mr. FLEMING: The attempt will fail, but it just illustrates the degree of desperation in which the government finds itself today. It has had a long series of defeats, a crushing body blow in Ontario, in the provincial elections there, and it is faced with another crushing blow in the province of Quebec. So, in this moment of desperation, all the federal resources of the Liberal party are to be thrown into Quebec in an attempt to redeem the situation there.

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

[Mr. Fleming.]

Mr. FLEMING: If the hon. member promises to be brief.

Mr. KNOWLES: Yes, it will be brief. Whom does the hon. member want to win in Quebec?

Mr. SINCLAIR: Arthur Meighen.

Mr. FLEMING: If my hon. friend is interested in that question I shall be glad to give him an answer.

Mr. SINCLAIR: Privately.

Mr. FLEMING: Certainly, I know quite well whom I should like to see win there.

An hon. MEMBER: Tell us.

The DEPUTY SPEAKER: Order.

Mr. FLEMING: It is not Mr. Godbout.

Mr. SINCLAIR: The Orange order in Ontario and the coalition in Quebec.

Mr. FLEMING: Some interesting events have taken place within the precincts of this house in recent days. On June 17, six members sitting to your right, Mr. Speaker, attended on the Prime Minister and asked him to take certain steps. According to the press dispatch, the statement issued to the press by the six Liberal members after they had waited on the Prime Minister—

Mr. MITCHELL: May I ask what paper the hon. member is quoting from?

Mr. FLEMING — was to the effect that they had asked for the reimposition of food subsidies, removal of the sales tax from foods and the "austerity" excise tax from household goods.

Mr. MITCHELL: What paper is the hon. member quoting from? May I ask him to tell us that?

Mr. FLEMING: I am quoting from a very reliable newspaper, the *Globe and Mail* of June 18. The statement continues with an extract directly attributed to the hon. member for Waterloo North (Mr. Breithaupt) who, we are told, headed the delegation. These are his words:

> In other words, we asked the government to get out of the kitchen.

I am sure that many of us will welcome this evidence of the fact that there is stirring on the government side, even if in only a few bosoms over there, some concern with regard to the problems which we of the official opposition have been putting before this house for a long time past, which we put directly before the house during the budget debate and on which members sitting to your right, Mr. Speaker, were eloquently silent at the time.

That was followed up by a letter written by the hon. member for Springfield (Mr. Sinnott) to the Prime Minister and a similar letter written by him to the Minister of Finance (Mr. Abbott). The hon. member for Springfield undertook to address words like these to the Prime Minister:

> This is a post-mortem of the reasons why we have been unsuccessful in retaining for the Liberal party the three seats in the federal by-elections. These are the public beefs. The public wants:
>
> (1) Old age pensions without a means test.
>
> (2) Some income tax relief for those in the lower income brackets, both salaried workers and wage-earners.
>
> (3) Repeal of the 25 per cent excise tax on certain goods manufactured in Canada.
>
> (4) Restoration of at least 30 per cent of the excess profits tax. This would compensate for the loss in revenue resulting from those in the lower income groups being stricken from the federal tax rolls.
>
> (5) Reduction of the cost of living and reduction of the profits now being taken by wholesalers and retailers.
>
> If some swift action is not taken in the very near future we may look forward to the annihilation of the Liberal party.

Listen to that. Then the letter continues:

> Trusting you will take immediate steps whereby the prestige of the Liberal party will be restored.
>
> Yours faithfully,
> John S. Sinnott, M.P.

The Prime Minister replied to that letter in these terms:

> I thank you for letting me have your estimate of the reasons for the results in the recent by-elections. I am bringing the representations of your letter to the attention of my colleagues in the government.
>
> With kind personal regards,
> W. L. Mackenzie King.

Then the Minister of Finance replied to a similar letter from the hon. member for Springfield as follows:

> I am very glad to have your views and you may rest assured that they will be given careful consideration.

Mr. SINNOTT: They are doing that now.

Mr. FLEMING: There are some things in the letter from the hon. member for Springfield with which I agree, and there are some with which I disagree. But I draw attention particularly to his present advocacy. May I interject this, that I hope the hon. member for Springfield is not alone among those who sit to your right, Mr. Speaker, in entertaining these views. I think it is a hopeful sign that at last someone to your right is beginning to wake up to the fact that there is a very serious problem here to be faced. I do hope that a number of other members to your right will follow his example to try to stir up the government to some action with regard to these tax questions.

Here is the hon. member for Springfield calling for the repeal of the 25 per cent excise tax on certain goods manufactured in Canada. We on this side of the house raised this question and asked for the same thing, not only in the budget debate this year, but in the budget debate a year ago; but we got nothing but silence from those who sit to your right. Now it is interesting to see some awakening on the part of a member or two to your right. One might express regret that the awakening had not occurred sooner.

Then we hear him appealing also for income tax relief on behalf of those in the lower income brackets.

Mr. DEPUTY SPEAKER: The house has already decided this year in the budget with respect to the rate of income tax. It seems to me it is not in order to discuss the matter at this time.

Mr. FLEMING: I am not discussing rates of taxation as such. I am simply drawing attention to the fact that this is a matter which apparently is now giving some concern to at least one hon. member opposite, as a result of recent events. I am suggesting that it ought to be a matter of wider concern. And I have drawn attention to the fact that this hon. member, and six other hon. members to whom I have referred, are now concerned. Those people, who are now as brave as a lion on the subject, were as silent as the tomb only a month ago in the budget debate. This being a problem today, it was a problem then. Why did we not have some assistance from those who sit to your right, Mr. Speaker, in our demands in the interests of those in the lower wage and salary brackets, when we asked that they be given some relief?

This process of disintegration in the Liberal party has gone a long way. It will be remarkable if the party maintains any semblance of unity until that first week of August when the national convention is to be held.

An hon. MEMBER: What about the Tory party?

Mr. FLEMING: On every side we see such abundance of proof of the fact that this government is out of touch with the people. The attitude of its own members today, in condemnation of government policy, shows just how far the government has become out of touch with the feeling of the people. One could find no better proof of the fact that the government has been in office far too long.

Finally, here is the legacy—and what a legacy—to be passed on to the national convention and to whoever will be assuming the mantle of leadership! Here is revolt in the cabinet and revolt in the ranks of the Liberal members in the House of Commons! Here we have the picture of a government and a party, to use the language of the hon. member for Springfield, facing annihilation. Annihilation of the Liberal party is the right expression—you cannot get a better one. This process of disintegration which is going on apace will unquestionably lead to that annihilation of the Liberal party, unless this government wakes up and takes concerted, heroic, vigorous and immediate action to reduce taxes and to combat the soaring cost of living.

Mr. CHURCH: Mr. Speaker, I wish to speak about another matter for a few moments.

Mr. GILLIS: Mr. Speaker, I wish to speak on the subject which is before the house.

Mr. DEPUTY SPEAKER: The hon. member for Cape Breton South may proceed.

Mr. CLARENCE GILLIS (Cape Breton South): Mr. Speaker—

Mr. SINCLAIR: Why do you not apply for leadership of the Tory party?

Mr. GILLIS: It is unfortunate that the hon. member for Eglinton (Mr. Fleming) introduced this subject matter at this stage of the session, when we are trying to get through the business of the house—

Mr. FLEMING: That was why I was brief.

Mr. GILLIS: —in order to get away. However, we are in no hurry. We are quite prepared to stay here and to discuss any business which may come before the house.

Actually the hon. member for Eglinton is supposed to be raising a grievance at this point in proceedings. Sitting here and listening to him, to me it did not sound like a grievance. It sounded more like the wailing of a lost soul.

Mr. MARTIN: Speaking on behalf of a lost party.

Mr. GILLIS: No doubt about that; he is speaking on behalf of a lost party.

Mr. CRUICKSHANK: The missing link.

Mr. GILLIS: Throughout his speech he was trying to prove why Mr. Drew lost a certain number of seats in Ontario.

Mr. CRUICKSHANK: Including his own.

Mr. GILLIS: Yes, including his own. He was trying to show that the three federal by-elections went to C.C.F. candidates because of the failure of certain government policies; and the whole trend of his discussion was to the effect that the government were assisting the C.C.F. to power and that the communist party also was trying to push the C.C.F. to power.

What the hon. member fails to understand is that what he is witnessing today is not the disintegration of the Liberal party or the disintegration of the Tory party; what he is witnessing is the disintegration of a system for which both of those parties stand. What the hon. member did not tell the house is what his party would be doing were they on that side of the house, which would be any different from what the government is now doing.

Mr. JACKMAN: You did not talk about socialism in the Ontario election, I will tell you.

Mr. GILLIS: You do not know what socialism is even. You know only what the *Globe and Mail* or some of your Tory papers in Ontario tell you.

Mr. JACKMAN: What about the *Daily Worker*?

Mr. GILLIS: If you have a speech to make, then, when I have finished, get up and make it. At the present time I am trying to put the hon. member for Eglinton straight, because I believe he is an honest little fellow, and that he is really feeling his way along. He is trying to find out something—and I am trying to tell him something.

An hon. MEMBER: What a teacher!

Mr. GILLIS: And, believing that he is honest about it, I will try to prove conclusively to him that what is happening in Canada and on the North American continent is what happened in Europe. In trying to sell the old machine of profits, you dragged the world down to ashes. The philosophy of the Liberal party in this house and in the country and the philosophy of your party, is the same thing—private enterprise. You cannot divorce yourself from and still be part of that machine; you cannot condemn the government for maintaining the kind of thing for which you yourselves stand.

I wish to focus the hon. member's attention to this point. He talks about the C.C.F. and the government in coalition. The hon. member for Vancouver North (Mr. Sinclair) put him straight on one point. When the Right Hon. Arthur Meighen left the other place and decided to assume the leadership of the Tory party, or what was left of it, the Prime Minister of Canada (Mr. Mackenzie King) was good enough to say, "Well, we will not oppose him. We would like to have him in here, and have

some fun with him." If the electors in York South at that time were not prepared to go down the line with the Tory machine, they showed good judgment when they supported an organization they knew was a little more progressive than even the government pretended to be at that time. And in doing that, they sent a C.C.F. member to the House of Commons, and showed good judgment in doing so.

What is taking place today nationally, and what the hon. member for Eglinton does not understand, is that the machine of free enterprise from outside, and pressure from "Jesse James" street in Montreal, and King street in Toronto, is forcing you into a coalition with the Tories on that side of the house, whether you like it or not. Let me tell hon. members a few truths about the whole situation. What have you in British Columbia today?

Mr. SINCLAIR: Floods.

Mr. GILLIS: You have a coalition. You sit on the same set seats with the Liberals and you pass the same legislation. The people of British Columbia smartened up and got wise. The C.C.F. is driving you into social change; it is driving you out. The same is true in Manitoba. You formed a coalition government there.

Mr. SINCLAIR: The C.C.F. were in it.

Mr. GILLIS: Was it not the Hon. John Bracken, the gentleman who leads the Tory party in this house, who was at its head? Certainly it was. He put the old machine together; they painted up the old buggy and John became the coachman. Then he rode down here to Ottawa to do the same job here nationally as he had succeeded in doing provincially in Manitoba.

Mr. SINCLAIR: He had the C.C.F. with him in Manitoba.

Mr. GILLIS: That is the trend throughout Canada today. There is a continuing realignment of the parties. The people are beginning to think. What the hon. member says about communists electing so many candidates in Ontario is just so much nonsense. Nobody knows who voted for whom. The fact of the matter is that the majority of the people in Mr. Drew's riding elected a C.C.F. member, and in twenty-one other ridings the people of Ontario did the same thing. All this about who voted for whom is just so much nonsense.

Mr. BERTRAND (Laurier): There are things the hon. member does not want to know.

Mr. GILLIS: I am assuming that you have a secret ballot in Ontario. You just cannot use that kind of loose language in the House of Commons where you are supposed to make responsible statements. The parties are no longer in existence in British Columbia and Manitoba; they are coalitions.

What is going on in Saskatchewan today where a provincial election is in progress? The old machines of free enterprise are having to take off their tags. I understand that the Tory leader in Saskatchewan, Mr. Ramsay, has moved into Liberal quarters, because he said it was better to get together under the one roof and it would not cost as much to run the election. But the people are smartening up about that kind of thing, and we are putting more members into this house and into the legislatures who have a social conscience, who realize that you cannot continue to support a machine which has been relegated to the past. It has disappeared in every other section of the world except on this North American continent.

Unless we smarten up in this house and eliminate this kind of thinking, we shall repeat the performances of Europe. I am sorry the hon. member raised this question this afternon, because I consider it has been a waste of time. His talk was completely off base. With his training, I do not like to see him do that kind of thing. There is a future for him if he will just smarten up and get in with the right people and begin to think in terms of progress. I should like to read an article that appeared in what I think is a good Conservative paper, the Ottawa *Journal*. I want the hon. member for Eglinton to listen carefully, because this comes right from Saskatchewan. It is headed, "Some Fusion of Anti-C.C.F. in Saskatchewan".

Mr. KNOWLES: Confusion is what it is.

Mr. GILLIS: It reads:

> The pattern of official nominations for the Saskatchewan election presents sufficient opportunity for a uniting of the anti-C.C.F. vote to give the government a severe set-back.
>
> Briefly that pattern is:
>
> There are 50 seats to be filled on June 24; two constituencies have deferred elections.
>
> Of the 50 seats, some clear-cut form of fusion has been effected in ten.
>
> In 34 more of the 50 there is no overlapping of Liberals and Conservative nominations. Either one or the other, but not both, has been nominated. In some of them this circumstance has been brought about by agreement between the constituency organizations, in others it has gone that way because no one took the lead in arranging an agreement.
>
> Although there is an element of fusion in them they are not, strictly speaking, fusion seats.

The hon. member spoke about subterfuge, backstage manipulation and that kind of thing in the York South by-election. The set-up in

Saskatchewan at the present time proves, whether he or other so-called Liberals and Conservatives of this country are aware of it, that backstage manipulation is going on with regard to the maintenance of the present order of society. Unless we clear our thinking with regard to changes in our whole economy, we also are headed for disaster and chaos.

I think the main reason for unrest in this country today is that we failed to maintain controls on prices in the two years immediately after the war. A measure of responsibility for that must be accepted by the Conservative party. We listened in this house to a continuous barrage on the part of Conservatives urging the government to take off controls, to get back to free enterprise because the law of supply and demand would regulate prices, and all that kind of stuff. Unfortunately the government fell for that line of chatter, with the result that we have the conditions which exist today. We are in hope that, even before this house closes, we may have some indication from the government that a reasonable degree of control will be reimposed, that there will be some roll-back in prices and a re-implementation of the excess profits tax arrangement.

Unless these things are done, all this nonsense about guessing that this section or that section of the country has done this or that, will not correct anything. We have to do something about it, and the responsibility for doing something about it rests with the government. I am sorry that I had to get up and waste the time of the house, but the hon. member for Eglinton provoked this discussion and his remarks required an answer.

Mr. C. E. STEPHENSON (Durham): Mr. Speaker, I think we have listened with a great deal of interest to the speech just made by the hon. member for Cape Breton South (Mr. Gillis). At times this House of Commons has been used by the C.C.F. as a sounding board for their C.C.F. political propaganda. Hon. members of other parties have not challenged the irresponsible statements that have been made by members of that party.

We hear them deprecate the free enterprise system. I should like the hon. member for Cape Breton South to name any country in the world which enjoys the freedom and privileges and standard of living enjoyed in Canada and the United States under free enterprise.

Mr. GILLIS: Do you want an answer?

Mr. STEPHENSON: The hon. member can speak when I finish; he had his turn. The statement was made some time ago in the house by one of these C.C.F. members that free enterprise was a non-risk-taking vulture policy. On that occasion I challenged the statement. I can imagine what we would have in this country under a system such as they propose. Statements have been made by the C.C.F., and I think it is time that the people of this country realized where we are going.

There has been some indication that the people are leaning socially and are following along not realizing where they are going. We should begin to realize what may happen in this country in the light of what has happened in several European countries, particularly in Czechoslovakia. A great number of the extreme Leftists infiltrate into the party and eventually shove the other people out of bed and take over the government. I believe that there is a tendency in that direction in this country today and that the people do not realize what is happening. It is interesting to note that the leader of the Labour-Progressive party made a statement some time ago that the communist party which they represent would support the C.C.F. across this country wherever they did not have their own candidates. Using the House of Commons as a sounding board again, the C.C.F. members get up and try to repudiate and dissociate themselves from any communist movement. Following the statement that Tim Buck made, we find the leader of the C.C.F. party in this house getting up and saying, as reported at page 1938 of *Hansard*:

> The C.C.F. will not collaborate with the Labour-Progressive party in any way, direct or indirect. It will not enter into any electoral arrangements with it or with any other party, whether on a national, provincial, or constituency basis.

Further on, he said:

> Whatever the future fortunes of the Canadian people and of this particular party may be, it is certain that we shall keep our hands clean and our skirts clear of any association with any totalitarian group.

It is interesting in this connection to note a dispatch from Regina which appeared in the Ottawa *Journal* of June 19, reading as follows:

> A. A. McLeod, Ontario leader of the Labour-Progressive party, said last night the efforts and policies of his party were largely responsible for the gains made by the C.C.F. in the Ontario election.
>
> "We played a big part in the election of the twenty-two C.C.F. members," he said in an election campaign address to approximately eighty-five people. "I say here categorically, they would not be in the Ontario legislature today if it were not for the efforts and policies of the Labour-Progressive party."

Mr. KNOWLES: Since when did you accept him as an authority?

Mr. STEPHENSON: I think that is an indication of what is happening in this country today, and the members of this house and

the citizens of Canada should know the answer. I think the C.C.F. has something to answer for and I should like to hear their answer.

Mr. RODNEY YOUNG (Vancouver Centre): Mr. Speaker, it was not my intention to speak today, but I feel sure I have some information which should be of value to the members of the house, particularly to the hon. gentleman who spoke last. I have, as you know, recently been taking part in a political campaign, and it is interesting to note that during that entire campaign the official organ of the Labour-Progressive party in British Columbia, the *Pacific Tribune,* never once mentioned that there was a by-election contest in Vancouver Centre. I would be very happy to show to the hon. member the results of the polls in that constituency and to point out that there are two polls which he would find most interesting. Those were the two polls which voted in the last federal election by very large majorities for Labour-Progressive candidates. The same two polls voted in the recent by-election with the same majorities for the Progressive Conservative candidates. Those polls are 102A and 101. They are situated in the very centre of the slum area in the constitutency which I represent in this house today. All the surrounding polls voted, as they have always done, by large majorities for the C.C.F. candidate, but the two particular polls I mentioned voted respectively seventy-six per cent for the Progressive Conservative candidate and seven for the C.C.F.; and sixty for the Progressive Conservative candidate, and seven again for the C.C.F.

The provincial committee of the Labour-Progressive party, when it gave those instructions in defiance of the national policy laid down by Mr. Tim Buck, received the resignations of two of its members. It is an odd thing that in the very last days of that by-election, large advertisements appeared in the local press on behalf of the Liberal candidate, calling upon Conservative party members to withdraw their support from their own candidate and save the riding from the socialists. By that time it was obvious that the socialist was not being supported by the Labour-Progressive party.

I may say, Mr. Speaker, for the benefit of hon. members, that the position of the C.C.F., well known as it has been made on all possible occasions by members of that party speaking in this house, has had the result of causing the communist party or the Labour-Progressive party to withdraw its support from the C.C.F., and it will continue to do so for the reason that the C.C.F. is opposed to all forms of authoritarianism.

An hon. MEMBER: That has been heard before.

Mr. YOUNG: Someone says, "That has been heard before", but it has not yet been heard of the two old-line parties, because the net result of the policies pursued by those two parties leads to authoritarianism, to the possession of economic power in the hands of a few corporations, and to the abolition of private property in the hands of the small holder. For that reason the people in Vancouver Centre, the people in Yale, and the people in Ontario riding, who are anti-authoritarian as most Canadians are, voted in favour of a policy that will preserve and extend for them the rights and privileges which 150 years of struggle have procured for the people of this country. In this matter I would say to the hon. member that there is no such thing as standing still. We either go forward or go backward. There is only one way to go forward; that is, with the progressive forces, and those forces are concentrated in the Co-operative Commonwealth Federation.

Mr. J. M. MACDONNELL (Muskoka-Ontario): Mr. Speaker, I wish, in the first place, to congratulate the hon. gentleman to my left (Mr. Young) on his maiden speech, which I am sure the members, irrespective of their opinions, will agree was a very well delivered and creditable performance. I will not say it all sounded unfamiliar. There were passages in it which are familiar to us here; I have no doubt they were familiar to his electors, and I am bound to admit that they must have been not only familiar to his electors, but apparently for the moment somewhat successful. But dealing with the matter which is under discussion, and which was raised by the hon. member for Durham (Mr. Stephenson), I think it is desirable that we should get the record straight. Therefore I wish to read an extract from the Vancouver *Sun* of April 28, and after that I shall read an advertisement from the Vernon *News* of May 13. The headline from the Vancouver *Sun* is as follows: "C.C.F. asks labour aid in 'Centre' ". The body of the article is as follows:

> Campaign heat will be turned on in Vancouver Centre by-election, C.C.F. candidate Rod Young promised Tuesday night. Young appealed to Vancouver Labor council delegates for election campaign workers and for financial support.
>
> "If we win this election," he said, "we will influence trade unionists all over the country."
>
> Questioned if he wanted the support of Labour-Progressive party members in his campaign, Young replied, "We do not intend to

make any alliance with any other party. Speakers from the L.P.P. will not appear on C.C.F. platforms."

Hon. members might notice that, Mr. Speaker, because of the advertisement which I shall subsequently read. I continue:

If there are any L.P.P. members who have officially stated they have changed their minds, and if they support the C.C.F. candidate and his policy, I do not think any part of the C.C.F. will say these people cannot turn out and work with us.

I want to interject here, and I come back to the words "if there are any L.P.P. members who have officially stated they have changed their minds". I am not quite sure what "changing their minds" means. I continue to read from the article.

The question of union support for the C.C.F. campaign was left to the individual delegates to take up with their unions.

I come now to the advertisement which appeared in the Vernon *News*, which is published in Yale riding. This is an interesting comment on the statement that L.P.P. members should apparently change their minds before they would be allowed to support the C.C.F. At any rate, this is the advertisement from the Vernon *News*:

Public Meeting. Minerva Miller, Provincial Election Director L.P.P. will speak at Burns Hall, Thursday, May 20, at 8 p.m. Subject: "Why we support C.C.F." Minerva Miller was an L.P.P. candidate in the provincial by-election for North Okanagan.

The only comment I have to make on that is that I think, when you have people come in and help you to gain a victory, you ought to be very frank and ready to admit the part which they have played.

Mr. STANLEY KNOWLES (Winnipeg North Centre): Mr. Speaker, when the hon. member for Eglinton (Mr. Fleming) was speaking I interjected with a question. He had indicated that he did not want to see the Liberal party win the forthcoming election in the province of Quebec. I asked him whom he did want to win. He replied that he would indicate to me privately, but did not do so on the floor of the house. My reason for asking the question arose from something that I read in the Winnipeg papers not long ago about the Progressive Conservative provincial convention which was held in Manitoba earlier this month. I quote a sentence or two from the report of the convention as it appeared in the Winnipeg *Citizen* of June 12:

During the debate, John McDowell, member for Iberville, who opposed coalition, urged that the Progressive Conservative party make an all-out effort to win Manitoba at the next election.

[Mr. Macdonnell (Muskoka-Ontario).]

"Let us stand up as Conservatives," he said. "Let's change our name as has been done in Quebec. Let us call ourselves Union Nationale."

Therefore it would seem that it is something of that kind which the hon. member will be vouchsafing to me in private, namely, that his party is supporting the party of Duplessis in the province of Quebec.

Mr. FLEMING: I did not mention saying it in private.

Mr. KNOWLES: Now it is out in public. May I point out to the hon. member that the remark made by Mr. McDowell at the Tory convention in Manitoba was made in the course of what appears to have been the main debate at that convention. If one reads about this convention in all three Winnipeg papers he will find that the main question was whether to stay in or get out of the Manitoba coalition. Those who argued on both sides had the same aim in view, namely, to take whichever course would be most likely to keep the C.C.F. out of power.

Other hon. members have already referred to the fusion candidates or the confusion candidates in Saskatchewan. There was drawn to my attention this morning an advertisement for the two non-C.C.F. candidates in the constituency of Saskatoon. Saskatoon is a two-member riding where there has been one of those saw-offs such as was referred to by the hon. member for Cape Breton South (Mr. Gillis). The Tory leader, Mr. Ramsay, is a candidate there, and there is one Liberal candidate. There now appears in the Saskatoon *Star-Phoenix* an advertisement for these two candidates, one Tory and one Liberal. The whole theme of the advertisement is that both of these candidates oppose socialism. Below the advertisement one reads two lines. First, this line:

This advertisement is inserted by a group of independent voters.

Then there is another line which says:

This advertisement is not inserted by the authority of either the Liberal or the Progressive Conservative party.

That is a symbol of the confusion that things have reached in Saskatchewan, so far as both old parties are concerned.

The hon. member for Eglinton who raised this matter this afternoon made it pretty clear that his chief concern was not with the question of why the Liberal party was losing ground, as set out by certain members opposite to their leader; his chief concern was why both the old parties are losing ground, including his own.

I have before me a table which I am not going to ask the house to put on the record, because it is not up to date anyway, having to

do with federal by-elections that have taken place since 1945. This table was made up after the by-election in Yale, and does not include the figures for the by-elections in Ontario and Vancouver Centre. Up to that time there had been eight federal by-elections since the general election of 1945. This table, which I say I shall not take the time to read, gives the total votes that each of the three main parties, Liberal, Progressive Conservative and C.C.F. had in these ridings in 1945. Then it gives the votes that each of these parties had in the by-elections in these same ridings. When you add them all up you find that the Liberal vote dropped from 92,453 to 87,365, or a drop of 5·5 per cent. When you add up the vote of the Progressive Conservative candidates on the same basis you find that they had dropped from 62,134 to 51,937, or a drop of 16·4 per cent. Therefore, when the hon. member for Eglinton talks about the disintegration of the Liberal party he cannot but be conscious of the even greater disintegration that is going on in his own party.

Contrast the decline in the total votes of the two old parties in these elections with the figures of the votes for the C.C.F. candidates. These include ridings like Pontiac where, as a matter of fact, we dropped. But when you add them all up—including Pontiac—you find that the C.C.F. went up from 27,218 votes to 43,216, or an increase of 58·7 per cent.

Let me repeat these percentages. The Liberal vote dropped 5·5 per cent; the Tory vote dropped 16·4 per cent, and the C.C.F. went up 58·7 per cent. That does not include Ontario and Vancouver Centre, which would make an even sorrier picture both for my hon. friends opposite and for the hon. member for Eglinton, who raised the question this afternoon, and an even better picture for the C.C.F.

What the hon. member for Eglinton and others of his party, who have spoken, do not seem to realize is that the figures I have given of the progress being made by this movement indicate something far more than just a partisan political game. The hon. member for Eglinton, like his colleagues in Manitoba, thinks not in terms of policy, but rather in terms of politics, a case of trying to put the other rascals out so that they can get in.

What is actually happening in this country today is that the people have not forgotten the high hopes expressed during the war that this time, having won the war, we would also win the peace. The people of the country have not forgotten the idealism expressed by the Prime Minister when he indicated during the years of the war that we had to lay then the foundations for a better society after that struggle was over.

The people today want all the freedoms we have had in the past and more. They want those freedoms protected and enhanced in every possible way. They want, with all that, security and justice. They know that if there is not security, if there is not justice, freedom can be lost. The Canadian people think of security and justice and freedom not merely in abstract terms. They realize that security and justice and freedom mean good homes, steady employment, educational opportunities for the children of all, the best care that is possible of the people's health, over-all security against all the things that hit us over which we have no control, and dignified security in our old age.

The people of Canada do not see these things coming under the old, worn-out competitive free-enterprise system. The people of Canada have come to realize that social thinking has been moving away from the competitive dog-eat-dog method to the co-operative method, to the attempt to establish our lives on the basis of a community of human beings whose concern is to achieve, not big salaries for the few and the short end of the stick for the many, but a good life for all our people.

What my hon. friends do not seem to realize —and I do not blame them, because it is inevitable that in this political life we cannot but get into arguments back and forth—is that this conception is very deep in the hearts of the Canadian people, as expressed, Mr. Speaker, by the introduction this morning of three new C.C.F. members who walked up the aisle and were presented to Your Honour. They came to express the hopes, the desires and the determination of the Canadian people that we turn our backs upon the old dog-eat-dog, cutthroat competition of the past and attempt to achieve the kind of society that we believe to be our destiny in this our Canada.

Mr. FLEMING: Are you advocating monopoly?

Mr. KNOWLES: My hon. friends would do well, in view of the figures I have given, in view of their decline and disintegration—even worse since that table was compiled—to sit down and think these things over. As my hon. friend the member for Cape Breton South (Mr. Gillis) says, there is a future for the hon. member for Eglinton and for other parties in the country. They can play a part, too, in the onward march of society. They do not have to be reactionary all the time. They can come up to date; they can wake up; they can smarten up, and my hon. friends would do well to consider the changes that have taken place in social thinking. They would

do well to consider the progress made by mankind and try to keep up with it, instead of forever trying to hold it back.

Before I sit down I should like to say a word in relation to the part of my hon. friend's remarks which was serious, although I think he trifled with it. Perhaps he was to be pardoned for that, because it does lend itself to that. I suggest that this division among my Liberal friends opposite, which has been widely publicized, is serious and is something that calls for some statement to this house and to the country before parliament prorogues.

The hon. member for Springfield (Mr. Sinnott) has written a letter to the Prime Minister (Mr. Mackenzie King) and the Minister of Finance (Mr. Abbott), and we have seen six members opposite, led by the hon. member for Waterloo North (Mr. Breithaupt) calling upon the Prime Minister and insisting that the government come out of the kitchen, insisting that there should be a removal of austerity taxes on electrical and other household equipment, dropping the sales tax from any foods or commodities on which it still remains, and the use of subsidies again to bring down the high cost of basic food necessities. In addition to that, there is this quotation from the hon. member for Waterloo North:

> Mr. King told us he believed our proposals were very wise.

At another place in the account of that interesting interview, the hon. member for Waterloo North is reported as having said:

> Mr. King agreed with us that a housewives' budget would be very much in order.

The other day I asked the Minister of Finance whether it was the intention of the government to take any action to curb the still rising cost of living, and he told me in reply that he had nothing to add to what had been said on former occasions. He indulged in the usual attempt to tie price control and wage control together, and he left the whole thing on a very unsatisfactory basis. In the meantime there has been this wide publicity of a sharp division within the ranks of the party opposite. It is more than that. It sounds like a division between the Prime Minister and the Minister of Finance, because the Prime Minister is reported as having agreed with these six or seven rebel Liberals who want a different policy from that pursued by the Minister of Finance.

With the cost of living still going up, and prices of foodstuffs and the necessities of life still rising—another one was called to my attention a few days ago, namely the price of

textbooks, which will be from 50 to 75 per cent higher by the time the schools open in the fall than they are now—with this sort of thing happening, I suggest that this division in the party opposite is not just something to be trifled with from this side of the house; it is not just something to poke fun at. It is something that lays a responsibility on the government. It lays upon us the responsibility of asking the government for a statement as to which line it intends to follow. Does it intend to follow the line of austerity taxes and no consideration of subsidies, as pursued by the Minister of Finance, or the line of a housewife's budget and the use of subsidies to bring down the cost of living, as proposed by the hon. member for Waterloo North and five or six of his colleagues, and as agreed to, according to the newspaper reports, by the Prime Minister.

These things are of a somewhat different character from the line I was following a few moments ago. I was talking about a long-range idea, coming out of the heart of the Canadian people, as expressed by the C.C.F. victories recently. That trend will continue. There is no doubt about that. This other thing is immediate. The question is more important than whether it involves the disintegration of the Liberal party. It is a life-and-death matter to the Canadian people now, whether the cost of living will be allowed to soar still higher, or whether some action will be taken to deal with the situation before it is too late. I hope that in this debate we shall have this question cleared up. If not, there should certainly be an answer before this session concludes.

Mr. JULIAN H. FERGUSON (Simcoe North): It has been interesting to listen to the new member of this house for Vancouver Centre (Mr. Young). He has come in here with his new additional theories and has expounded them regarding C.C.F. tactics. They are similar to the tactics and theories to which we have listened before. Practically every member of the C.C.F. advocates something different as long as it is a vote catcher. The hon. member is probably not aware of the fact that many members of his party in the past have advocated the taking over of the small farms of the farmers. That has never been repudiated. One of his members made that statement and it will never be forgotten by the farmers of Ontario. They were to be permitted to hold these small holdings the hon. member for Vancouver Centre spoke of until such time as the farmer's death, at which time they became state property. That was the statement made by one of his colleagues who is still a staunch member of

the C.C.F. It will be most interesting when all three of the new members introduce more vote-catching ideas. It will be interesting, but they will not amount to much in Ontario. The winning of a seat in Ontario is no criterion of what will be the general reception that will be given in a dominion election to C.C.F. tactics and theories throughout the remainder of Ontario.

Mr. J. H. BLACKMORE (Lethbridge): I should certainly like to refrain, Mr. Speaker, from having any part in a discussion such as the one we have been having here which is, after all, just washing dirty linen in public. But lest it should appear that Social Credit has nothing to say in a situation of this sort, I think it would be well for me just to say a word or two.

First of all, let me point out to the Liberals and Conservatives in this house and in the country that, in so far as they are advocating a change or making a change, they are going C.C.F.; that is all they are doing. They are increasing taxes in order to find money with which to pay for additional social services, to the extent that additional social services are being provided. I will defy any member of the Liberal or the Progressive Conservative party to question what I say, or to gainsay it. If that is the only conception the Liberals and Conservatives have of reform, no wonder the people say, "Let us have the C.C.F. and get reform in a hurry"; because the C.C.F., I tell you, have nothing in the world to offer except what the Liberals and Conservatives are working to gradually.

Mr. GIBSON (Comox-Alberni): And are producing.

Mr. BLACKMORE: That is all there is to it. I am quite positive that the election results which we have seen, reflecting the success of the C.C.F., have been the direct results of Liberal policy, and the direct result of what the Conservatives have advocated. If the Liberals and Conservatives would just recognize that and stop whining against the C.C.F. because the C.C.F. have won a few votes, they would really get somewhere. There must be some form of change which can be brought about without socialism. If there is such a change, why do the Liberals and the Conservatives not find it out and advocate that change? Why do they not do that and not get up and whine like a lot of spoiled school kids because they are beaten by a party that is just a little bit farther along their own way than they are. That is the first thing. There is a change, Mr. Speaker, that could be made.

Mr. POULIOT: What is it?

Mr. BLACKMORE: The change is social credit.

Some hon. MEMBERS: Oh, oh.

Mr. BLACKMORE: You see, Mr. Speaker, that is exactly what happens. The Liberals and the Conservatives are laughing themselves into oblivion. They will not listen to a proposal that would get them out of their difficulty. They have men like the present Secretary of State for External Affairs (Mr. St. Laurent) who have scoffed at the idea of social credit. He said he would not bring in social credit, no matter what happened.

An hon. MEMBER: Socialism is worse.

Mr. BLACKMORE: And I think it was this same gentleman who would not favour a subsidy to the railroads to avoid the increase in railroad freight rates! What can you expect the people to do, in sheer dismay?

Mr. POULIOT: What is social credit?

Mr. BLACKMORE: I can explain what social credit is. As a matter of fact, social credit has been explained time and time again.

Some hon. MEMBERS: Oh, oh.

Mr. BLACKMORE: Here is more nonsense again from hon. members who interrupt. Social credit has been explained time and time again, and the hon. member has never done anything but just try to make fun of it. He will keep on making fun of it until the C.C.F. put him out of his position, or until the communists, who are along exactly the same line, do it. I think this attempt to try to blame the communists for the C.C.F. victories is the sheerest kind of nonsense; because in 1940 the Liberals had a good deal of communist support to win their victory.

Mr. KNOWLES: That was in 1945.

Mr. SINCLAIR: In 1940 it was the C.C.F.

Mr. BLACKMORE: What we want to do is to find out the source of difficulty and go after a solution.

Mr. POULIOT: I am not making fun by asking that question. I should like to know how the Liberal party, according to my hon. friend, could absorb the social credit policy.

Mr. BLACKMORE: In the first place, as I have said time and time again, the Liberal party could adopt a system of the limited creation of debt-free money. The Liberal party itself has advocated that policy for over twenty years, when it has been out of power. But when Liberals get into power, they will not even hear about debt-free money. They

will not even allow those in the Liberal party who favour debt-free money to talk for it. Look at the way they treated Gerry McGeer.

Mr. SPEAKER: Order. It being six o'clock, I do now leave the chair.

Mr. BLACKMORE: I move the adjournment of the debate. I will go on after eight o'clock.

Mr. KNOWLES: We take that for granted.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

Mr. BLACKMORE: Mr. Speaker, before the house took recess I had yielded to the temptation to express my exasperation, and I mean now to say a few more words bearing upon the discussion going forward.

I was not privileged to hear all the discussion that had taken place but I gathered that there was a certain amount of complaint on the part of certain Progressive Conservatives because the C.C.F. had won some seats. They were endeavouring to say the C.C.F. had won those seats because they had the assistance of the communists. I say to the Progressive Conservatives that is one of the most inane things they could possibly say. If they had proved that the C.C.F. had won every seat because of communist support, where would the Progressive Conservatives have got themselves? Just distinctly nowhere. What, then, is the sense of trying to smear the C.C.F. by trying to make it appear that the communists are behind them?

What this country wants to know is whether anybody in either the Progressive Conservative or the Liberal party has sense enough to know anything they can do that will render communism unnecessary. To me, if the Progressive Conservatives and the Liberals, henchmen and leaders, the brain trusts in charge of the two organizations, will go to work on that problem and answer that question for the people, they will be doing something worthwhile in this dangerous day in which we live. The simple fact of the matter is that we have got to a position in which change simply must come; and if we do not have intelligent change we shall have unintelligent change.

An hon. MEMBER: The C.C.F.

Mr. BLACKMORE: I do not want to be unkind to the C.C.F. I can say this concerning the C.C.F., that the members who have come to this house are among the most earnest and well-informed, conscientious and industrious members of the house—every one of them. I do not find any fault, except in this respect that the C.C.F. in Canada today are leading the country into a ditch. They are leading the people up a blind alley. I do not hesitate to say that right in their presence, and I challenge them to gainsay it.

Mr. MacINNIS: I think the country was up a blind alley.

Mr. BLACKMORE: The hon. member thinks it was up a blind alley. It has been led far enough up blind alleys by Liberals and Conservatives; it does not need any blundering C.C.F.'ers to lead it up any further. That is where the C.C.F. are going. Let us see if we can find some way out of the difficulty.

I am going to stop for a moment or two to analyse the C.C.F. policy as I see it. I believe I am correct; and I shall ask to be corrected if I am not correct, or if I do not analyse it correctly. The C.C.F., in common with socialism everywhere, every brand of socialism—

Mr. SINCLAIR: National socialism?

Mr. BLACKMORE: Every kind—in common with every kind of socialism, stands for three kinds of development. The first one is government ownership of the means of production. The second one is a taxation structure that tends to level everyone down to a certain dead level. The C.C.F. people will say, "Yes, and level everybody else up to that certain level". We will accept even that. But let us bear this clearly in mind, that the C.C.F. involves taxation, and very severe taxation.

The third trend of socialism everywhere is toward the centralization of power. Socialists may talk about democracy until they are blue in the face, and people may believe them, until they are completely deluded; but the simple fact of the matter is that the application of socialist principles everywhere leads to the centralization of power and ultimately to dictatorship. And regardless of what the men and women who are administering the system may desire to do, the unavoidable trend is and must be toward dictatorship, or the centralization of power. There is nothing more to the C.C.F. than that. There is nothing more to socialism than those three things.

Tell me, now, in what direction the Liberal party is tending today, and in what direction the Progressive Conservative party is following them and pushing them. It is exactly in the direction of the three principles I have indicated—more and more rigid taxation, until motivation tends to be destroyed; more and more bureaucracy, which means the centralization of power—

Mr. POULIOT: Hear, hear.

Mr. BLACKMORE: —and ultimately they will have government ownership of industry, because industry will be entirely unable to carry on under the conditions under which they are now labouring.

An hon. MEMBER: They are doing pretty well now.

Mr. BLACKMORE: Some one of the C.C.F. members has just said, "Well, they are doing pretty well". Yes, just a few at the top are doing well. But even they will find the situation rendered impossible for them if we continue under the present system, exactly in the way in which the Liberals are administering it, and exactly as the Progressive Conservatives would administer it if they were in power over on the treasury benches instead of sitting in opposition.

Mr. KNOWLES: Which they never will be.

Mr. BLACKMORE: I do not know whether they will be, because you never can account for what the people will do.

Mr. SINCLAIR: They may even vote C.C.F. now and again.

Mr. BLACKMORE: There is an alternative. I was telling the hon. member for Temiscouata (Mr. Pouliot) just before six o'clock that if the principle of the creation of debt-free money, in accordance with the production of the country, were adopted, that would be the key to a solution of the difficulty. I lay this down right now, that if that principle is not adopted by the Liberal party or by the Progressive Conservative party, or whatever party succeeds them, then the country will go toward a socialist dictatorship, just as sure as Canada is Canada. And so will any other country that tries to carry on under the system under which we are now carrying on.

If debt-free money is adopted we shall find that it will then be possible to render financially possible what is physically possible. All a country like Canada needs is to have what is physically possible, in this majestic and marvellous country, rendered financially possible. Then everyone of the fondest dreams of the people of Canada can be realized, because we can use the resources God has given us to accomplish a standard of living such as we ought to have.

I have already told what the C.C.F. stands for. Let me now say that social credit fundamentally stands for the use of debt-free money in accordance with the surplus production of the country, the production which, under normal circumstances, people are unable to obtain the money to buy. If the C.C.F. would adopt that principle, as I suspect a number of them would, they would be able to avoid—

Mr. GIBSON (Comox-Alberni): The only kind of money they will ever have.

Mr. BLACKMORE: There is no use in mincing matters. I want to be frank; if the C.C.F. did adopt the principle of debt-free money, then they would not be under the necessity of stealing every bit of money they use from the people who have it.

An hon. MEMBER: Shame.

Mr. BLACKMORE: All they are advocating at the present time is nothing in the world but organized highway robbery. They propose to take from the men who have, the money that they have. That proposal will discourage initiative; it will discourage people from producing. That is the difficulty the socialists run into all the time; they get to the point where they cannot get production and then they are in real difficulty.

If the C.C.F. will adopt the principle of debt-free money they will not have to have government ownership of industry, because they will be able to get their money without trying to take it way from those who have it. If the Liberals and Conservatives will adopt the principle of debt-free money, wisely used, they will be able to overcome the dangers they are running into. I have not much more to say and I am sure all will be glad to have me finish.

Mr. GIBSON (Comox-Alberni): No; it is a good speech.

Mr. SINCLAIR: Give the C.C.F. another belt.

An hon. MEMBER: Go after the Liberals again.

Mr. BLACKMORE: I think I have been going after the Liberals just about as hard as I have been going after anybody. When we rose for the dinner recess I was pointing out the strange ways of the Liberals. One member of our Social Credit group stated in this house one time that a certain man with great experience in Canada had once said that the Liberals were false to true principles while the Conservatives were true to false principles.

Mr. GIBSON (Comox-Alberni): The C.C.F. have no principles.

Mr. KNOWLES: Just the truth.

Mr. BLACKMORE: I believe the C.C.F. are true to the principles they have, but those principles are false and will lead them into trouble. I was just pointing out what the Liberals have done with respect to debt-free money. The *Liberal Advocate* is supposed to be a Liberal party organ, or at least that is what it pretends to be. If you go back to the

issues of that publication from 1930 to 1935 you will find that in every single issue they talked about debt-free money. But just the minute the Liberals took office they stopped talking about debt-free money and they stopped all Liberals from talking about debt-free money.

Mr. SINCLAIR: What about Gerry McGeer?

Mr. QUELCH: They made him a senator.

Mr. BLACKMORE: One of the most striking memories I have is of Gerry McGeer standing up in this house while the war was on and telling the then Minister of Finance, now the Minister of Justice (Mr. Ilsley), how to conduct the affairs of this country with respect to money. I can remember the present Minister of Justice standing up and wringing his hands and pleading with the hon. member to stop embarrassing the government—by advocating principles which Liberals had been advocating for ten or fifteen years!

Mr. KNOWLES: What did they do to Tucker?

Mr. BLACKMORE: Mr. Tucker started talking debt-free money enthusiastically, and he persisted in such talk. I remember how earnestly he used to do so. What did the Liberals do with him? They sent him to the Bretton Woods conference.

Mr. SINCLAIR: It was hard to take.

Mr. BLACKMORE: What did they send him there for? I presume it was done in order to give an air of respectability to the Bretton Woods conference or to try to make people think that, because the Canadian government sent a monetary reformer to the Bretton Woods conference, the Bretton Woods conference stood for monetary reform. You could not have a bigger lie put out anywhere than that, for the Bretton Woods conference stood for everything but monetary reform; it stood for reaction, the gold standard and restriction in every direction.

What did they do with the former member for Rosthern, Mr. Tucker? When he came back here they made him parliamentary assistant to the Minister of Veterans Affairs, and that was the end of Walter Tucker. We heard no more from him regarding monetary reform. I could go right on through the list and refer to member after member. You rarely heard a man on the Liberal side rise in his place and talk in favour of monetary reform. Why? They were told, I suppose, to lay off. You can hardly get anywhere with a party that does things like that.

[Mr. Blackmore.]

Oh, yes, the Liberals advocate these things like debt-free money in order to get into power, but they desert and betray them as soon as they get in. The Conservatives have not had courage enough to stand up and talk in favour of monetary reform.

What they need in the two parties are new ideas. The ordinary person on the street knows that some new ideas have to be brought in. but he does not know where in the world to turn to for them. So he votes for the C.C.F. because he thinks he can understand them a little better than he can understand anybody else. As I said a few minutes ago, it is easy for anybody to understand highway robbery. Even back in the days of Adam they understood that two or three could gang up on somebody who had some goods and take them away from him. That is all the C.C.F. are advocating. You hear them everlastingly talking about profits, but you never hear them say a word about losses. They pick out a few companies that happen to be fortunate enough in a given year to make profits, and they cry out against those profits as though the making of profit was the greatest crime of today. But they never tell you about the scores of others that made losses; they never tell you what the C.C.F. government would do to help them out.

Mr. KNOWLES: We do not have any losses.

Mr. BLACKMORE: You do not have any losses because somebody else is running the businesses. Just as soon as you run them yourselves you will have nothing but losses. That is precisely the sort of thing that socialism runs into.

Mr. KNOWLES: Wait until Thursday.

Mr. BLACKMORE: C.C.F. people think everything will be fine just as soon as they are voted in. They are in that respect just like the Liberals and the Conservatives. The Liberals think that, because they win an election, they must be perfect. If the C.C.F. also get the idea that, because they win an election, they must be all right, they are going to run into some terrible disappointments.

The members of the C.C.F. are well-meaning; every single member that is in this house means well. He is just as fine a man as you could possibly meet, but there is not a member of the C.C.F. in this house who has the slightest idea of what it would cost to put into operation the ideas he advocates.

Mr. SINCLAIR: He does not know.

Mr. GILLIS: Oh, yes, we do, right to the last cent.

Mr. BLACKMORE: What a terrific shock the C.C.F. will run into if they take over the government and discover that there is limit to the amount of money that can be either taxed or robbed from the people of Canada. After they get all the money that can be taxed or robbed from the people, they will find they are far short of having enough money to run the affairs of Canada as they now tell the people they could run them.

Mr. KNOWLES: The only limit is what is physically possible.

Mr. BLACKMORE: Somebody has been talking about the social credit "printing presses". No one has ever heard anyone in the Social Credit group speak about printing presses, but you find that talk about printing presses taking place among Liberals, who are always trying to delude the people with falsehoods. How can you hope to run the country successfully when members of parliament are that kind of people? You just cannot do it. The people are becoming completely sick of the whole thing, but they do not know what to do.

Almost every country in the world, including Canada, is faced with two alternatives. Either they will have to adopt a system similar to social credit, which is based fundamentally upon the principle of debt-free money to render what is physically possible financially possible, or they will have to adopt socialism. There is no middle way. If they adopt socialism they will ultimately run into the same thing they have in Russia. That is inevitable. You may scoff at it all you like, but you cannot scoff the truth of my statement out of my statement.

This country faces those two alternatives. Either it will adopt the social credit concept, or it will adopt the C.C.F. socialist concept, and the two are diametrically opposite.

Mr. KNIGHT: No.

Mr. BLACKMORE: Somebody says, "No", but I tell him that I know just about two things about it for every one he knows. I think I knew as much about socialism as the ordinary socialist in this house when I was twenty-five years old. I knew it then and I know it now. I used to wonder whether socialism was acceptable as a way of life, but I never was able to convince myself that it would lead to a sound state, and I do not believe it will now; not because I have any prejudices against it, but because the principles it advocates are unsound if you want freedom.

Just a word about enterprise. Social Credit stands for individual enterprise, for it says that individual enterprise will produce goods abundantly. It has proved that it will do so all down through the centuries. At no time was the proof more evident than during the recent war when the nations that were under individual enterprise were able to smother with their production the nations not under free enterprise. I prefer to say "individual enterprise" rather than "free enterprise", because free enterprise suggests that enterprise is free to do whatever it likes, create monopolies and charge what it likes. Social Credit does not favour that sort of thing at all. Social Credit says that if you take individual enterprise, with the wonderful motivation that is in it naturally, set it to work producing goods, and regulate that enterprise by the social credit just price system, which allows for a fair profit, allows enterprise to recover its costs plus a fair profit, you will have a powerful engine, harnessed and controlled as a powerful horse might be, so that it can go ahead and produce abundantly without being able to destroy itself or others. There you have the concept of social credit.

We find our C.C.F. brethren very fond of trying to smear social credit in Alberta by trying to make it appear that social credit stands for big business, monopolies, et cetera.

Mr. KNIGHT: Where is Mr. Low?

Mr. BLACKMORE: He is in Saskatchewan trying to tell the people of Saskatchewan some of the truth.

Mr. MacINNIS: I have been trying to grasp the principles of social credit. My understanding is that it is controlled free enterprise. Is that correct?

Mr. BLACKMORE: I think you could say "controlled" or "regulated". It is difficult to get a word which will carry the exact truth without an unfortunate connotation.

Mr. MacINNIS: If it is controlled, how can it be free?

Mr. BLACKMORE: It can be free just as a man who has been taught good manners and who exercises a certain amount of restraint can move about freely without offending anybody. He does not lose his freedom through such restraint. Just as soon as individual enterprise is taught that the state will co-operate with a company—let us take the Aluminum Company of Canada or the Canadian Pacific as an example—just as soon as the Canadian Pacific would be assured that the people of Canada would co-operate with it in an endeavour to see that it could recover its costs of production, plus a fair profit, and that the people of Canada would be behind it

right through to accomplish that objective, the Canadian Pacific would become in every respect one of the finest and most efficiently managed services in the state.

Mr. KNOWLES: It will be the government then.

Mr. BLACKMORE: That is just nonsense —no attempt to get the truth! What I have said holds. Just as soon as the Canadian Pacific would be assured that it could recover its cost of production, plus a fair profit, and it knew what that profit would be, and everybody knew it; once it was assured that the government and the people would co-operate with it, the Canadian Pacific would have no further anxiety. It would not have to be afraid that, in case of a slump or a depression, it would lose so much money that it would become impossible for the company to keep on running the road. The same holds true of any enterprise you may take in this country. The Canadian Pacific would be regulated or controlled, not only to prevent it from going too far but to keep it from falling too far short of its objectives.

Now you have the social credit concept of individual enterprise just as clearly as it can be briefly defined, and you know what social credit stands for as regards enterprise. It stands for a carefully regulated price structure which prevents any enterprise from exploiting either the people it serves or employs or buys its raw material from. We say that if you put individual enterprise in a set of circumstances like that it will produce in adequate abundance, and all you will need to do then will be to find a market for what it produces. Social credit says: We will find a market for your goods through the use of debt-free money.

You see how vastly different that is from socialist concept.

I say once more to the Liberals and the Conservatives that if they adopt that debt-free money principle, if they set out with it to build a policy which will commend itself to the people, they can put that policy at an early date into operation. And, once the policy is put into operation, the people will never listen to socialism or the C.C.F. any more, and communism will disappear.

I say once more, Mr. Speaker, that Canada shall have either social credit or socialism. We may just as well recognize that and govern ourselves accordingly.

Mr. JEAN FRANÇOIS POULIOT (Temiscouata): Mr. Speaker, in the first place, I have pleasure in welcoming the three new members to the house. They have just been elected in by-elections in various constituencies, and I am sure that they will be happy with us and that they will learn to appreciate being members of this club, the House of Commons. I wish them success. I am not panicky at all about their election. It was due to entirely different causes from those enumerated by the speakers of that party this afternoon.

I have just listened with great pleasure to the entertaining speech of my hon. friend from Lethbridge (Mr. Blackmore). He told us that this country will go socialist or social credit. If the country ever goes socialist, which God forbid, we shall know where we are going, but if the country ever goes social credit, we shall never know.

Mr. BLACKMORE: Just as we do not know under Liberalism.

Mr. POULIOT: I have listened attentively to my hon. friend, whom I admire. He tells us of the marvels that will be accomplished by social credit, but he failed to do one thing. He failed to tell us what social credit is. I have been listening to him for many years, and always with a great deal of pleasure. It may be on account of my deficiencies, but I am still wondering what social credit is.

Mr. BLACKMORE: If my hon. friend would permit a question, does he remember I said it involved debt-free money created by the state?

Mr. POULIOT: It may involve that, but my hon. friend did not tell me what social credit is.

Mr. BLACKMORE: Does he remember that I said social credit involves the creation of debt-free money?

Mr. POULIOT: That is the same thing.

Mr. BLACKMORE: Does the hon. member remember that I said social credit involved what is called the just price, which guaranteed to producers the cost of production, plus a fair profit.

Mr. POULIOT: These are things that my hon. friend has said a number of times, and each time I could not understand the working of it. I remember that one day I asked him, as an example, if the population of the world were one hundred people, how many would work to permit the others to live, and he answered me "two". Two people out of a hundred would make it possible for the others to live happily. It was beyond me. I asked him again how it would be done. He said it would be done by the machine. I asked, what machine? Well, I do not know what machine.

An hon. MEMBER: The Liberal machine.

Some hon. MEMBERS: Oh, oh.

Mr. POULIOT: These are things beyond my understanding. I listened with great care

to my hon. friend, and until he explains satisfactorily to me how two men can make it possible for the other ninety-eight to live happily—the whole population of the world being a hundred—and with contentment, feed them, clothe them, find shelter for them, I shall not understand him. The machine that can do that must be pretty good, but I do not know if it is invented yet.

Mr. BLACKMORE: Will the hon. member permit another question? Will he tell us what Liberalism is?

Mr. POULIOT: I will tell him what Liberalism is. Liberalism is the thing that my hon. friend believes in. When he makes sensible speeches they are Liberal speeches. When he denounces the socialist party he speaks as a great Liberal. It is unfortunate that he does not do so all the time.

Mr. BLACKMORE: Will my hon. friend permit one more question? Will he tell the house how Liberalism works?

Mr. MacINNIS: Backwards.

Mr. POULIOT: Well, Liberalism works when—

An hon. MEMBER: In competition.

Mr. POULIOT: Very well. Provided that it does not lean on socialist and Tory policies. So long as the Liberal party remains Liberal the policies are always excellent. That is what I want, and that is what they will have to be even before the convention. Having said that, I regret very much to be unable to understand all the points made by my hon. friend.

I will tell the hon. member for Vancouver Centre (Mr. Young) that if he was elected it was mostly for two reasons: in the first place, because the Prime Minister (Mr. Mackenzie King) did not create that vacancy when I asked for it.

Mr. KNOWLES: Why did you ask for it?

Mr. POULIOT: For the reasons that my hon. friend used in the campaign. In the second place, because he complained that the official Liberal candidate had been imposed on the people of Vancouver Centre against their will. Parties may make mistakes at times, and when we make mistakes we admit them. This is no discredit to the hon. gentleman who, because he seems to be genial, must be personally popular in spite of the fact that he may have preached—I am not sure of it—wrong doctrines during the campaign. He preached wrong doctrines if he preached the C.C.F. doctrines.

I listened to the hon. member for Winnipeg North Centre (Mr. Knowles). He said that the people thought of security, justice and freedom not merely in abstract terms. That is true. He said that the people of Canada—this may not be textually accurate, but I was careful in taking my notes, and I want to do him justice—generally wished good homes, steady employment, educational opportunities, more of public health and over-all security than that given under the old, worn-out competitive free enterprise system. That is his view. That is the socialist view which is in conformity with the teachings of the late Mr. Woodsworth. On the other hand, the hon. member for Vancouver Centre this afternoon said that the policies pursued by the two old parties led to authoritarianism, the possession of economic power by the few and the abolition of private property in the hands of the people. How can both statements be reconciled? It is impossible. If my hon. friend thinks private enterprise is wrong I do not see how the new member for Vancouver Centre can make himself the advocate of the right of ownership by the private individual.

Mr. GILLIS: He was absolutely correct. How much private property is in the hands of the ordinary people of Canada?

An hon. MEMBER: All of it.

Mr. SINNOTT: Ninety-five per cent.

Mr. POULIOT: My hon. friend has only to ask for the list of those who bought victory bonds, and he will see the number of people who have private property and the number of depositors in the banks.

Mr. GILLIS: They are all back in the hands of the banks.

Mr. POULIOT: Anybody who has an account, provided that he has enough funds, can get his money out at any time. My hon. friend knows that, and he does the same thing himself. In spite of his theories, he does not put his money in the hands of the C.C.F. party. I hope he puts it in the bank in his own name, and when he needs it he draws it. He gets the private property while he draws it.

Mr. GILLIS: That is apart from ownership altogether.

Mr. POULIOT: Those who preach common ownership of property are just theorists and are not practising it. They do as the ordinary citizen does. They have what they own. They make use of it as they see fit, and they are happy under that system. It is an old system.

The hon. member for Cape Breton South (Mr. Gillis) spoke, not of the disintegration of the old parties but of the disintegration of the system for which both old parties stood.

Mr. GILLIS: Right.

Mr. POULIOT: I want to quote him correctly. He also spoke of the disintegration of free enterprise. He said that pressure from St. James street has forced the Liberal party into a coalition with the Tories. He spoke of the conditions in some provinces and of the continuing realignment of the parties. He said that free enterprise had disappeared everywhere except on the North American continent.

Mr. GILLIS: Correct.

Mr. POULIOT: It is precisely because free enterprise disappeared from other countries that we, the countries in which free enterprise still exists, have to finance them completely for their recovery. That was admitted by no less a gentleman than the leader of the hon. gentleman when he said that the shipments and the advances for North America, from the United States and Canada, were a guarantee of future peace in Europe. That was the language used by the hon. member for Rosetown-Biggar (Mr. Coldwell).

Mr. GILLIS: With which I agree.

Mr. POULIOT: If the policies advocated by the hon. gentleman were in force in this country it would be impossible for the United States and Canada to go to the rescue of Europe and of other countries. We have an experience in England. The government there is a socialist government. I have great respect for Mr. Attlee, much more than I have for his colleagues. But that government has been described as a government of incompetents by Mr. Churchill, who is undoubtedly considered a great man, not only by the hon. member for Cape Breton South but by all the members of the C.C.F. party. Then he advocated controls.

On the other hand, the new member for Vancouver Centre, who represents the new generation of the C.C.F., said that the electors in Vancouver Centre, Yale and Ontario voted C.C.F. because they are anti-authoritarian. How can it work? One says his electors voted for him because they were anti-authoritarian and my hon. friend the member for Cape Breton South says the policy of the party should be to impose controls.

Mr. GILLIS: I hope the hon. member will not mind my putting him straight on that. Surely he does not mean to tell me that the system of controls in effect during the war was

[Mr. Pouliot.]

that of an authoritarian state, does he? He is not really confusing the two?

Mr. POULIOT: Surely it was.

Mr. GILLIS: What you have today is a managerial form of society, and that is what the C.C.F. intends to unscramble. I have heard the hon. member criticize it so often that I am surprised at the statements he is now making and his complaint about bureaucracy, management of the government from outside. That is what the hon. member for Vancouver Centre is fighting against.

Mr. POULIOT: The hon. member for Cape Breton South has been just as clear in his remarks as the hon. member for Lethbridge. They argue the same way. One speaks against authoritarian methods and the other is for controls. I am against controls. During the war I did not insist so much because it was for a common end, to win the war. But immediately the war was over I declared in this house and outside the house, and I also wrote similarly in newspapers, that I was against controls. I do not believe in controls, but apparently there are different views in the C.C.F. group.

The hon. member for Eglinton started the issue. I like him. I think he is the most brilliant member of his generation on that side and he is well gifted. He made an interesting speech. He said that all those who voted for the C.C.F. members were not socialists, and he spoke of unrest, housing, high taxes. He said one thing that I liked, and that is that he was not an alarmist. It is well not to be an alarmist in these days. He said that the danger from socialism was accompanied by a further threat of communist support, and he said that in York South in 1942 the Liberal organization lined up bag and baggage behind the C.C.F. candidate to defeat Arthur Meighen.

I will tell you, sir, how Arthur Meighen was defeated. He was defeated with this number of *Hansard*, *Hansard* of January 30, 1942, which was shown from house to house, not to elect the C.C.F. candidate but to defeat Arthur Meighen. And the success was evident. Mr. Meighen was defeated and the C.C.F. candidate was elected, but only for one term. After the constituency of York South had defeated Mr. Arthur Meighen he took a well deserved rest.

Mr. KNOWLES: He will be back next time.

Mr. POULIOT: Even if my hon. friends support him, he will surely not be elected. He is marked for defeat.

Mr. KNIGHT: I meant that Mr. Noseworthy will be back.

Mr. SINCLAIR: We thought you were referring to Meighen.

Mr. KNOWLES: My hon. friend knows me better than that.

Mr. POULIOT: I thought the hon. gentleman meant the Right Hon. Arthur Meighen.

Now I will say something to the socialist party, a thing I have wanted to tell them for a long time. They are fine fellows and likeable personally, but their doctrine is wrong, and that has been established before. We have only to read what was said by Mr. Woodsworth some years ago when he founded that party to see exactly what the tendency of the party is. If we turn to *Hansard* of February 1, 1933, we find that Mr. Woodsworth moved a motion to set up a co-operative commonwealth, and he said:

Last year the United Farmers of Alberta, in order that there should be no doubt about their ultimate objective, stated their position in very clear terms, adopting the following short definition of a co-operative commonwealth:

A community freed from the domination of irresponsible financial and economic power, in which all social means of production and distribution, including land, are socially owned and controlled either by voluntarily organized groups of producers and consumers, or—in the case of the major public services and utilities and such productive and distributive enterprises as can be conducted most efficiently when owned in common—by public corporations responsible to the people's elected representatives.

That is the cornerstone of C.C.F. policy, holding everything in common—farms. I remember Mr. Woodsworth said one day that farmers should work an eight-hour day, and they were not familiar with the problems of farms—

Mr. IRVINE: Will the hon. gentleman permit a correction? The quotation he has just given was taken from the United Farmers convention, not the C.C.F.

Mr. POULIOT: Just a moment. That is true, but it appears in the speech delivered by Mr. Woodsworth in the House of Commons on February 1, 1933, on page 1687 of *Hansard*.

Mr. SINCLAIR: And the hon. member for Prince Albert made a similar speech not so long ago. He was going to socialize the land.

Mr. IRVINE: I am not objecting to the hon. member's quotation, but I am pointing out the source of it.

Mr. POULIOT: Mr. Woodsworth quoted it in his speech and he made it his own. He probably had something to do with the drafting of that sentence. I do not know. I am not familiar with the workings of those groups. The hon. member for Cariboo has a very good memory and he must remember all those circumstances. He must remember also that I asked more than fifty-five questions of Mr. Woodsworth, some of them based on that very statement. He was never able to answer them, and the C.C.F. party has never answered them. For instance, after that statement that all social means of production and distribution, including land, should be socially owned and controlled either by voluntarily organized groups of producers and consumers, and so on, I asked a number of questions. Take these:

1. What is the definition of the words (a) "socially owned" and (b) "socially controlled"?
2. What would be the function of the dominion parliament and provincial legislatures in a co-operative commonwealth?
3. By what process would privately owned lands be turned into societies or become socially owned and controlled property?
4. How would such groups of producers and consumers be voluntarily organized?
5. Would such groups be amenable to the laws?
6. Would the co-operative commonwealth compensate private individuals or corporations who presently own land and property, for their loss, and if so, to what extent?
7. How many people in each province would be affected by their private property becoming "socially owned and controlled"?
8. Would such change in land ownership take place in urban as well as rural centres?
9. What are the social means of production and distribution (excluding land) which should be socially owned and controlled?
10. Would movable as well as immovable property be socially owned and controlled?
11. How and by whom would socially owned and controlled means of production and distribution (including land) be managed?
12. How, by whom and for how long would each of the above mentioned managers be appointed?
13. Who would decide the kind, area and location of the land or property to be assigned by society to each individual?

Those are serious questions and they have never been answered by the C.C.F. party. Then, with regard to another sentence of the quotation from the remarks of the late Mr. Woodsworth:

Major services and utilities and such productive and distributive enterprises as can be conducted most efficiently when owned in common (should be owned—and controlled?) by public corporations responsible to the people's elected representatives.

I asked the following questions:

1. What major public services and utilities could be conducted most efficiently when owned in common?
2. Would socially owned and controlled social means of production and distribution (including land), and mentioned in the first place, be owned in common?
3. If so, what would be the difference in ownership between (a) the aforesaid socially owned and controlled social means of production

and distribution (including land), and (b) such productive and distributive enterprises as could be conducted most efficiently when owned in common?

4. Would the voluntarily organized groups of producers and consumers aforesaid mentioned be (a) public corporations and (b) responsible to the people's elected representatives?

5. If so, what would be the difference between "socially owned" and "owned in common"; and "socially controlled" and "controlled by public corporations"?

6. How many groups of producers and consumers would be organized voluntarily in each province and for what purposes?

7. How many public corporations would own and control such productive and distributive enterprises in each province, as could be conducted most efficiently when owned in common, and how and for what purposes would each of such public corporations be organized?

Those are serious questions.

Mr. SINCLAIR: They are good questions.

Mr. POULIOT: We must know about the matter. We must have some information about it. We hear the hon. gentleman saying, "We will make life better for you; we will make you happier; you will have less trouble; you will have over-all security; you will have a good house." How will it be done?

Mr. SINCLAIR: With other people's money.

Mr. POULIOT: During the last four years the C.C.F. party was successful in one province just the same as the Social Credit party was successful in another province. On the other hand, Mr. Speaker, I would be greatly concerned if the C.C.F. made progress in Canada, because I do not know what kind of legislation they would pass, and I fear that legislation would be detrimental to the small holder.

What happened in France? France was the bulwark in Europe against communism. Why did France become a communistic country? It was precisely because—

Mr. GRANT: Too many parties.

Mr. POULIOT: —of the devaluation of the franc, because those who were holding property lost it as a result of smart financial policy, and the people who had nothing were ready to accept any dangerous, subversive propaganda. Undoubtedly the hon. gentlemen who belong to the C.C.F. group are honest. They mean well.

I will conclude these short remarks by reading them some other questions which I asked of the founder of their party, Mr. Woodsworth, who was personally a highly respectable citizens but who had a wrong view about general policy. I asked the following questions:

1. Would the whole retail and wholesale trade be "socially owned" or "owned in common," and "socially controlled" or "controlled by public corporations"?

[Mr. Pouliot.]

2. In the latter case, would such "public corporations" be "freed from the domination of irresponsible financial and economic power"?

3. By what process and how would all the stores and trades now privately owned be turned into the co-operative commonwealth?

It cannot be half commonwealth and half private property. It must be all private property or all commonwealth. To continue:

4. Would the co-operative commonwealth compensate the private individuals and corporations who presently own stores or trades, for their loss, and if so, to what extent and how?

5. Would all natural products be turned from "voluntarily organized groups of producers" to "voluntarily organized groups of consumers," without any profit to the producers?

6. What, if anything, would the groups of consumers give to the groups of producers in exchange for their means of production and how would it be done?

7. How would the social means of production be distributed by the consumers groups to private individuals?

8. What would be allowed to private individuals forming the groups of producers for their work and how and by what means would it be done?

9. Who would enact the regulations relating to production and distribution of primary products and what should they be?

10. Would the production of primary products be based upon the annual consumption in order to be distributed only to the consumers in this country?

11. If so, would such policy prevent any exports of home products?

12. Without any exports,—

Mark this, Mr. Speaker.

—would it be possible for the co-operative commonwealth to trade with foreign or other countries who have not adopted the co-operative commonwealth system; in other words, would it not mean the end of all foreign trade?

Except the trade we practise with England by advancing credits.

13. What industries would be "socially owned and controlled," on one hand, and on the other hand "owned in common by public corporations responsible to the people's elected representatives"?

14. Would the system for the distribution of primary products be the same for manufactured products?

15. Would all private and public industries be turned over to the co-operative commonwealth?

16. Would the co-operative commonwealth compensate the owners of private or public industries for their loss and if so, to what extent and how?

17. Would it not be the policy of the co-operative commonwealth to abolish and repudiate all federal, provincial, municipal and other public and private debts and obligations?

18. Would the co-operative commonwealth supply free shelter, food, clothing and medical attendance to every man, woman and child in this country?

19. What would be the reciprocal obligations of every man, woman and child to the co-operative commonwealth and vice versa?

Mr. KNOWLES: Put them on the order paper.

Mr. POULIOT: No. It is not for the government; it is for the C.C.F. party; and those questions would not be allowed on the order paper.

It continues:

20. What would be the kind and length of work to be done each day by each private individual?
21. Who would assign same to each one?
22. What would happen (a) to the amounts of money deposited in chartered banks by private individuals; and (b) to life insurance held by them?
23. If "the supply of human needs" instead of the making of profits were the basic principle regulating production, distribution and exchange, would there be any necessity for any kind of currency?
24. If so, what would be the standard of such policy or means of exchange?
25. Would there be any kind of private ownership in the co-operative commonwealth?
26. If so, what would it be?
27. Would the co-operative commonwealth demolish all churches, as has been done in Russia?

That was fifteen years ago, and I do not ask that question now. But all the other questions should be answered. They are fair questions, and they should be answered so that the people will understand the working out of the claims of the C.C.F. party. Whether some Labour-Progressives have voted for the newly elected members is a matter of no concern. They may vote for whomever they wish. But the point is that pure socialism is the ante-room of communism, because it deprives people of private ownership and puts all their wealth in common, as the name of the party implies.

This is why I oppose the very basis of the policy of that party. As I have said, I am not concerned by the election of three new members of the C.C.F. party, any more than I am concerned by the election of a score and two members of that party to the Ontario legislature. It is inevitable that sometimes the people become dissatisfied and elect members who belong to new groups. But in most instances they have been elected, not because of the policy of the C.C.F. party but because of local conditions. That is not said often enough, but the people must be informed. This is why I attach very little significance to the election of some C.C.F. members.

I wish them good luck, however, and I ask them to propound Liberal policies instead of C.C.F. policies, and to urge upon the government the necessity of keeping away from Toryism as well as from socialism. It will take some time, but I hope it will be done.

The basis of prosperity in this country is private ownership; private ownership by the masses of the people, private ownership by the little fellow as well as by those of larger means. I do not want any excess; I do not want any abuse of the privilege. That is why we have legislation against combines. It must be used in due course. It is a Liberal policy that fights combines; on the other hand, it is a Liberal policy to protect private property, and to protect the small owners of private property, so that they may enjoy the happiness to which they are entitled in this land.

Mr. DEPUTY SPEAKER: Before the debate continues, I believe I should draw the attention of the house to the rule with respect to raising this question on a motion to go into supply; and I do not do this for the purpose of restricting debate unduly. I thought I should refer hon. members, however, to Beauchesne, third edition, citation 467. I shall not read the whole of it, but the pertinent part states:

When such motion—

And this is a reference to the motion to go into supply.

—is proposed, it shall be permissible to discuss any public matter within the powers of the federal parliament or to ask for the redress of any grievance.

That, of course, would be grievances which the dominion parliament has power to redress.

It does seem to me that the debate has gone beyond that rule, and I would ask hon. members if they would endeavour from now on to try to confine their remarks to the rule I have read.

Mr. ARTHUR WILLIAMS (Ontario): Mr. Speaker, in my first attempt in this parliament I wish to say, in order perhaps to gain your co-operation, that I agree entirely with the quotation you have just made. All through this, if I may term it, "debate", I have been amazed that this kind of thing should have been permitted to go on in a parliament of Canada.

I am a trade union official, and we are often told in our trade union meetings about parliamentary procedure. I know perfectly well, however, that if even the most amateur president of one of our local unions were presiding over a meeting and he heard such an irrelevant item discussed or raised, as was raised by the hon. member for Eglinton (Mr. Fleming), the person who raised it would have been ruled out of order immediately.

But this, of course, is the parliament of Canada; and I want to assure you, Mr. Speaker, that I am not going to trespass very long upon the time of the house. I have taken this opportunity only because, being one of the newest of the members of the House of Commons, it would seem that apparently

everybody else in the house knows why I was elected. Apparently they know also not only why I was elected, but even who voted for me.

Perhaps I might be permitted to express an opinion as to why I think the people of my riding voted for me in the by-election. One thing I am certain of is that they did not vote for me to come here to waste time in this kind of debate. If there is one thing more than another about which I am certain, it is that the people in my riding voted for me in order that some effort could be made to secure for them the things they want, the things they never had, but the things they hope to get.

I do not care whether hon. gentlemen to my right know the answers to these questions or not. I do not care whether the supporters of the government know the answers. I do not even mind whether the representatives of the Social Credit group know the answers. I do know the people of my riding want a health plan. I do know they want security in their relations with their employers. I do know they are not a bit impressed nowadays by the large advertisements in the newspapers advertising the program of the Progressive Conservative party on behalf of labour, or when they see written into that advertisement item after item that the party says it will do for labour—including the check-off. I say I know they are not a bit impressed by those advertisements, when they find that as recently as last week these very same people, in this very chamber, were not unanimous as they have stated in the published advertisement, even about the check-off. You can fool all the people part of the time; you can fool part of the people all the time; but you cannot fool all the people all the time. That is one reason why the people revolted in the by-election in Ontario and voted C.C.F. It is no good to tell the people in advertisements what you are going to do for them and then show by your actions in parliament that you cannot do it.

I was very much impressed with the ceremony that took place this morning when three C.C.F. members were led up to the Speaker and were permitted to take their seats, particularly since I was one of the participants. I knew there would be some rumbling in the old-line parties; I knew they would be disturbed about it, but I never thought for a single moment it would cause the great alarm evidenced by this debate. I know hon. members on both sides of the house will say that that is not true, that they are not alarmed. If they are not, then they certainly are whistling very loudly going past the cemetery.

I feel that my first day in parliament of approximately ten or twelve hours as a new member has been wasted in the main. Somebody whispers that I shall get used to that. I hope not. I hope that the same fervor and the same earnestness that prompted my desire to get into this house will continue during the time that I am here. I hope sincerely that I shall not get into the habit of treating serious matters in a sheerly and crudely political sense such as I have been unfortunate enough to have to listen to today.

I was impressed by the statements made by the hon. member for Fraser Valley (Mr. Cruickshank) and also by the C.C.F. member, the hon. member for Skeena (Mr. Archibald), who was assisted by my new young colleague, the hon. member for Yale (Mr. Jones). They spoke of the distressful conditions facing the flood victims in British Columbia. I thought their presentation would have stimulated this parliament into the urge and desire to do something for these people, I realize not immediately, but quickly. Instead of anything of that kind happening, I found out that that did not matter, that all that mattered was that we should discuss this thing that we have been discussing all these hours, this political thing. I think the hon. member for Eglinton (Mr. Fleming) should be ashamed of himself. That may be unparliamentary and if it—

Mr. FERGUSON: There has never been a speech that was more political, delivered in this house, than what the hon. member is delivering now.

Mr. DEPUTY SPEAKER: The hon. member has withdrawn his remark.

Mr. SINCLAIR: It is his first speech.

An hon. MEMBER: He will learn.

An hon. MEMBER: Give him a little leeway.

Mr. WILLIAMS: I hear someone say that I will learn. I know I will, because I do not think I know it all.

I have no further comment to make about this situation. I am more than sorry to find out, during my first day in parliament, that we appear to be concerned more about trivial things than about really important things. To me the important thing was to help the people in British Columbia, but apparently I was wrong.

As long as I am a member of this parliament I hope to keep before my eyes and my mind the needs of the people of the country, not just those in my own riding but throughout the whole country, and to do everything I can, and encourage other members of parliament to do likewise, to see that the people get the things which we have always heard they will get but which up to the present they have not had.

Mr. J. S. SINNOTT (Springfield): Mr. Speaker, listening to the new hon. member for Ontario (Mr. Williams), one would think some of the things mentioned by the hon. member for Eglinton (Mr. Fleming) were not worthwhile. Among the things he mentioned were old age pensions without a means test, income tax relief for those in the lower income brackets, the repeal of the 25 per cent excise tax on certain goods manufactured in Canada, a reduction in the cost of living and so on. If those things are not important, I do not know what are.

I want to congratulate the hon. member for Eglinton upon bringing up these matters. This is one of the most important subjects we have discussed this session. It also gives us an idea as to where true Liberalism is. I think we in this house who are Liberals will have an opportunity to get up and express our views. If we belonged to the socialist party or were under a dictatorship we would not have that opportunity. I would refer hon. members to what happened recently in Manitoba when a certain member of that party got up and expressed his view and was immediately read out of the party.

I do not think enough people in this country realize what true Liberalism is. I do not think they realize what free enterprise is. If they had a taste of socialism and communism as they have in Russia, they would possibly think more about it. In this democratic way of life of ours we have an opportunity to express our opinions as we see them.

Under the private enterprise system we have seen Canada rise from eleventh place among the trading nations of the world, to fourth place. That has all been done under private enterprise. We have seen conditions in Canada improve greatly, so that today our industrial production is at the highest pitch of any in the whole world.

I was not born with a silver spoon in my mouth. In 1926 I had to haul all my provisions to the bush to cut pulpwood for which I was paid $1.85 a cord. In 1933 I milked cows and shipped milk for seventy-five cents a hundred pounds. I know something about budgets, because I was the reeve of a municipality for eight years. I took over the reins when things were not very good and I know what all this means.

We hear a great deal about the Labour government in England, how they have no troubles over there, how everything is nice and rosy. Today ten ships are tied up at the London docks loaded with Canadian produce which is rotting because of strikes and labour troubles in London. Every time any labour trouble crops up in this country, up pops a C.C.F. member with a cure-all for everything. Yet their socialist friends in Britain cannot solve their own labour troubles.

There is one thing I believe in, Mr. Speaker, and the people of the constituency I represent would consider me remiss in my duty if I did not say it. Under our democratic system in this country we are the servants of the people, and not their masters, and if we do not pattern our programs to the liking of the people, they can vote us out. But never let it be forgotten that under socialism and communism, once it is in office, that power of the vote which for years has been the sacred right of our people under our democratic system, will be lost forever.

Motion agreed to and the house went into committee of supply, Mr. Golding in the chair.

SUPPLY

DEPARTMENT OF EXTERNAL AFFAIRS

52. Departmental administration, $1,915,860.

Mr. HACKETT: Will the minister tell the committee whether there is any relationship between his department and that part of the Department of Trade and Commerce which used to come under the heading of "trade commissioners". I do not know that the committee is quite clear as to any distinction that may exist between the consular service and the trade commissioner service.

Right Hon. L. S. ST. LAURENT (Secretary of State for External Affairs): The Canadian consular service is of very recent vintage. Until a few years ago, all the consular work for Canadian interests was performed by the British consular service, which, as hon. members know, exists all over the world, and which is still rendering valuable and appreciated services to Canadian interests wherever there is no special Canadian representation. The department which is now known as the Department of Trade and Commerce established many years ago a system of representation known as trade commissioners, but those trade commissioners received no official recognition whatsoever, and they were not in a position where they could perform official acts such as authenticating documents and so forth, which are within the jurisdiction of consuls who have obtained an exequatur from the state in which they carry on their operations. The relationship is of the most co-operative and most helpful kind; but the trade commissioners are still officers of the Department of Trade and Commerce, responsible to the Department of Trade and Commerce, and reporting to the

Department of Trade and Commerce. We have a consulate general in New York; one was established late last year in Chicago, and one will be opened in San Francisco on the first of July. We are gradually but not too rapidly developing our own consular service, which will be a part of the Department of External Affairs, just as the British consular service for the last century or more has been a part of the foreign office of Great Britain.

Mr. HACKETT: Has the minister representatives in the cities of Boston and Detroit?

Mr. ST. LAURENT: We have a consulate in Detroit, and a project is in process of being completed for the opening of a consulate in Boston some time in the autumn.

Item agreed to.

53. Passport office administration, $138,500.

Mr. CAMPBELL: I should like to say a few words on the practice of giving Canadian children to people in the United States for adoption. I shall not go into the matter at length; but I find that a great many Canadian people are unable to get babies for adoption and they have been going across to the United States in considerable numbers. I placed a number of questions on the order paper, and I find that in 1947, passports were issued to infants on the application of their guardians to the number of 189, and this year, up to May 31, fifty-nine passports have been issued. This is a practice that should be stopped. If it is not possible to get Canadian parents to adopt these infants there might be some excuse for this practice; but, as it is, I think the minister should seriously consider putting a stop to it.

Mr. HACKETT: Would the minister, when dealing with that subject, state how many infants were, if I may use the term, imported from the United States, because I know that a few years ago, a number of married couples who were childless sought and found children in New York and brought them to Montreal.

Mr. ST. LAURENT: I am sorry I cannot give the hon. member for Stanstead that information. He would have to get it from the immigration branch.

The question raised by the hon. member for The Battlefords has been giving great concern to the department and to the attorneys general of several provinces. The hon. member will know, as we all do, that the matter of adoption comes within provincial jurisdiction, and we have endeavoured to avoid giving passports unless it was established to our satisfaction that all the requirements of the provincial law, where the infant happened to be, had been complied with. Correspondence is going on between the Department of External Affairs and several provincial governments to try to devise some joint method whereby effective steps can be taken to see that the true interests of such infants are properly safeguarded. Of course there is no obligation to issue a passport, but it is difficult to refuse to issue one unless there appears to be some reasonable ground for doing so. I can assure the hon. member that the officers of the department are much concerned about the matter, and anxious to use all proper means to see that all the requirements of the laws of the various provinces are complied with before the passports are issued.

Mr. CAMPBELL: Just another word. While I realize that the adoption of children lies within the jurisdiction of the provinces, I think that if the minister's department refuses passports, the question can be solved in that way. We need these children here. We have many good Canadian families who want children for adoption. It is a crime to allow these children to go to another country where we have absolutely no supervision over them.

Mr. ST. LAURENT: From the application that comes in, it is not always possible to tell that it is an application which is apt to lead to an adoption. It would be difficult for a federal department to refuse to issue passports to children, infants or minors, unless there appeared to be some failure to comply with the laws of their provinces. This, we are happy to assert, is a freedom-loving country. We endeavour to place as few restrictions on the movement of individuals as possible, provided, of course that there is no infringement of the rights of others.

The hon. member will recall that a question arose about foreigners who wished to return to their native country. We felt that we could not lock them into Canada. They were warned that they might forfeit their naturalization certificates or their rights to naturalization. We felt that we did not wish to attempt to enforce the kind of regime we complain about when it is enforced by other countries. We have been making representations to other governments about their refusal to allow some of their nationals, who had married Canadians, to get exit permits, and that is something about which I think we have to be very discreet. I think, with the wholehearted desire that exists between the provincial administration and the Department of External Affairs to deal with this problem of the adoption of children in as careful a manner as possible, we shall not be too much concerned with the niceties of jurisdiction.

We are going to give each other as great help as can be given to see that all possible care is taken.

Item agreed to.

54. Representation abroad—including salaries of high commissioners, ambassadors, ministers plenipotentiary, consuls, secretaries and staff, notwithstanding anything to the contrary in the Civil Service Act or any of its amendments, $5,083,082.

Mr. CHURCH: There was just one question which I hoped to raise this afternoon, because I rose at the same time as the hon. member for Fraser Valley. I do not know whether it comes under the minister's department or not. My question is this. The department is spending a million dollars more this year on this item. It is up to $5,000,000. We are just about through June now, and only July and August remain for us to try to get in coal, food, vegetables and things like that by water. I was wondering, with the difficulty we had in our city, which is spreading right across the great lakes, whether we could not do something. As I see it, charity begins at home in many of these matters. Something should be done to protect the people of Canada. If we can spend all this money to pacify Europe I am wondering why we have no funds to try to pacify the seamen on the great lakes. I was wondering whether charity does not belong at home. There are a few more months left to bring in by water the fruits, vegetables, coal and all that we need, but nothing is being done.

The DEPUTY CHAIRMAN: Order.

Mr. CHURCH: I know the item that we are on, but I proposed to bring this up on the motion to go into supply today. I believe charity begins at home. If we are ready to pacify Europe we should start with the seamen and bring them together. Labour and capital should not be on strike. They should not be fighting each other on the great lakes today. In our city on Saturday there were a couple of hundred seamen on the docks, taken away from traffic and all that kind of thing. I believe charity begins at home. May I ask the Minister of Public Works to try to pacify the people in Canada before we pacify Europe.

Mr. KNIGHT: I feel that I ought to say one word in support of the protest which has been made by the hon. member for The Battlefords. I think that in these days—

The DEPUTY CHAIRMAN: Order. The item before the committee is 54, which has to do with representation abroad.

Mr. KNIGHT: Item 53 was not passed in my hearing.

The DEPUTY CHAIRMAN: Yes, it was passed before the hon. member rose to speak. I called the item before.

Mr. KNIGHT: May I ask you, sir, whether you reverted to it?

The DEPUTY CHAIRMAN: No, we did not. It was passed as the hon. member rose to speak and then we called item 54, representation abroad. The amount is $5,083,082.

Mr. KNIGHT: May I have only one minute? If the hon. member for The Battlefords was out of order, perhaps I might be allowed the same privilege. I wanted to add my voice to the protest which he made. I think enough has not been said upon the subject he raised. It is somewhat ridiculous at this time when we are looking for a desirable type of citizen that we should allow our own citizens to be exported from the country.

The DEPUTY CHAIRMAN: Order. I do not think the hon. member should discuss that matter any further, because if he is given an opportunity to do so, many others may follow him.

Mr. HLYNKA: I should like to ask the minister a question on item 54. What policy is being followed by the Department of External Affairs in repatriating Canadian citizens who have been trapped in territories which were annexed to the Soviet Union during and after world war II? I have several cases referred to me of Canadian citizens who today find themselves in territories controlled by the Soviet Union. When I took the matter up with the department the reply I received was that nothing could be done for these persons unless they themselves obtained exit visas from Soviet authorities. It seems to me that that is an unfair attitude to take. Could not our Canadian representative undertake to place a request before the Soviet government to return these people to Canada?

I have in mind one person, an elderly lady, whose husband, a Canadian soldier, was killed in the war. Her son is now endeavouring to bring her to Canada. Apparently the department seems to be helpless in aiding him in the problem of bringing her over. Personally, I am not satisfied with the answer that all we can do is to say that we will help her, provided that she obtains an exit visa from the Soviet authorities. I think that is placing the onus on a person who is not in a position to bargain with a totalitarian government. Surely we as a government can make a request of the Soviet authorities that they return to Canada certain persons who are Canadian citizens. Following such request, we would know, of course, whether the Soviet authorities would

agree to allow these persons to leave the country. To leave this matter entirely to these helpless people is unfair.

Mr. ST. LAURENT: There are two categories of persons who may be considered as being in the position described by the hon. member, persons having dual nationality and persons with only Canadian nationality. As to persons with only Canadian nationality, under international law we do make requests. I cannot say we are very successful. We have been carrying on the negotiations for nearly three years now with respect to a young lady who, according to our contention, has only Canadian nationality, and we have not yet succeeded in obtaining an exit visa for her.

As to those who have dual nationality, in certain cases we have made representations, and the answer to us has been that the person is a national of the Soviet republic, where he or she happens to be, and it is a matter of Soviet domestic policy that will have to be decided by the Soviet authorities. There is not much else that we can do about the matter.

With respect to a person, perhaps persons, who, we feel, is or are truly of Canadian nationality, we have considered bringing the matter before the united nations as a violation of fundamental human rights, and the matter is under consideration. We would certainly have done that even at an earlier date, had we not feared that it might be detrimental rather than beneficial to the person concerned. The situation is a difficult one.

I can assure the hon. member that we will do everything possible to be of assistance to those who have Canadian nationality, even though they may have dual nationality, but my own experience in connection with cases that have been brought to my personal attention does not allow me to extend very much hope of getting the kind of treatment that we would expect from a government maintaining friendly relations with us.

Mr. HLYNKA: Can the minister give an estimate of the number of Canadian citizens who are within the borders of the Soviet Union at the present time; that is, persons who are actually Canadian citizens.

Mr. ST. LAURENT: At the moment I remember only one case of a purely Canadian citizen. We are informed that she has now succeeded in proceeding as far as Roumania, and we hope that the representations we are making will finally bring about her return to people of hers who are in Canada. I could not give an estimate of the numbers of those having dual nationality. Very few have applied to us for assistance. If the hon. member knows of any case and wishes to bring it to our attention, I can assure him that we will lose no time in communicating it to our representative in Moscow, or Budapest or Belgrade or wherever the appropriate official may be located.

Mr. MacINNIS: The minister referred to dual nationality. I want to see if I understand what constitutes dual nationality. Would a woman, a Soviet citizen, marrying a Canadian, be considered as having dual nationality?

Mr. ST. LAURENT: No, not under our present citizenship act. She would not become a Canadian citizen merely by the fact of marriage. She would have to comply with the requirements of our citizenship act to become a Canadian citizen; but she would probably, even after that, having become a Canadian citizen, be still considered under Russian law to be a Soviet citizen. That is what I meant by dual nationality. To give a concrete example, a person, born in Canada of parents who are French nationals, is, under French law, a Frenchman, but under Canadian law he is a Canadian and has for international law purposes dual nationality.

Mr. HACKETT: If a male, such a person is liable for military service in France.

Mr. ST. LAURENT: Under French law. But we do not recognize that obligation under our Canadian law, though if he does not comply with that obligation he is unable to travel in France.

Mr. McLURE: How many commissioners, ambassadors, ministers, consuls general and plenipotentiaries have we abroad? In selecting these persons to go abroad, what method is followed? In my opinion they should be representing us in the same way that commercial ambassadors or commercial travellers would. They should be able to talk wheat, potatoes, bacon, fruit, cheese products, fish, such as lobsters, oysters, cod, salmon, mackerel and also furs and manufactured articles. Even if they could not play a good game of golf or mix the latest kind of highball, it would be far better to have them well educated and able to talk the products of Canada abroad.

Mr. ST. LAURENT: At pages 116, 117, 118 and 119 of the estimates the hon. gentleman will find an enumeration of countries where we have such persons. Of commissioners, on page 116, there are seven. Then there are the countries where we have embassies, on pages 116 and 117; there are thirteen. Then the countries where we have legations, pages 117 and 118; there are nine. There are four consulates general, there are two consulates and one vice-consulate. The hon. member inquired about

plenipotentiaries. I believe an officer we could describe under that title, though he really is not a plenipotentiary, is our representative on the allied commission in Berlin, Major-General Pope. He is the chief of our representation on the allied commission in Berlin.

Mr. HERRIDGE: I should like to make a few remarks on our representation abroad. I am not speaking from direct personal knowledge, but I have had an opportunity throughout the year to talk to representatives of prominent Canadian firms who have been in South American countries. Some have been all over South America. The people to whom I have talked I regard as responsible people not given to complaining in a petty way. They know what they are talking about. Therefore I think there must be some basis for their criticism of some of the representation abroad.

As to the South American countries, I have heard the criticism expressed that we have two types of representatives, namely, either older men who are past their days of usefulness or their days of activity—when those who have not passed that stage are so necessary at the present time adequately to represent any country—or we are represented by younger men who are graduates of universities and are without doubt men of ability but who, these people tell me, have not had sufficient training in diplomatic work.

With regard to South America, I was informed that the major criticisms were, first, that few of our representatives abroad actually spoke well the language of the country to which they were sent, and I should like the minister to comment on that; in the second place, that many of them, the younger men particularly, were academic in their approach to life and did not appear to have a sound understanding of business principles; and in the third place, that they were not experienced in the diplomatic service sufficiently to understand the ways of the country to which they were sent, the sensitivity of the people of other countries to certain practices and customs, and so on.

With reference to European countries, I heard this criticism expressed. People who, I think, are well informed, consider that some of our representatives are kept at their posts far beyond the age of usefulness.

With regard to the South American countries, I am informed that some of our representation is of such an order that South American firms are dealing directly with Canadian firms, not taking advantage of the trade services and not taking advantage of our Canadian diplomatic services. As I said before, I have no personal knowledge on these matters. but I should like the minister to comment on my remarks and to explain to the committee the qualifications that are required for appointment to these positions, particularly the senior positions, and to say if it is the regulation that those representing Canada in a given country shall be able to speak well the language of the country to which they are sent. That is a serious matter from the point of view of being able to represent this country anywhere abroad.

Mr. ST. LAURENT: It is difficult for me to make any comment on the observations the hon. member has made, because they are so contrary to the comments I receive from numerous travellers abroad who write to me to compliment the department on the efficiency of the services performed by its representatives. If the hon. member would be kind enough to bring to my attention personally and confidentially—I know he would not wish to do it here publicly—the complaints he may have heard concerning these missions, I shall be obliged to him, and I think he will be rendering a service to the country. We are expanding quite rapidly; we are spending taxpayers' money on these representations abroad, and it is our keen desire to be as well represented abroad as possible.

It is probable that there are in some of these legations ambassadors or ministers who do not speak fluently the language of the country. In South America, Spanish is the language spoken in all the republics but Brazil. But in the capitals of all those South American republics, a large element of the population speaks French or English. It is a decided advantage to be represented by someone who acquires the facility to speak in the language of the country to which he is sent and even to make public addresses in that language. We know that from the glowing reports we receive, for instance, of the success of Mr. Jean Desy in Brazil. He took the trouble, and it did not take him long, to master the Portuguese language. The reports we have had say that Mr. Desy had created in Brazil the impression that Canada was a modern Athens where practically the whole of the people were of the highest order of culture, both in letters, in the arts, and in music.

An amusing article was published in one of the United States magazines to the effect that we were taking some time in finding a successor to Mr. Desy, because we felt that it would be difficult to maintain the kind of impression about Canadians that he had created there. But Mr. Desy has been replaced by Mr. Scott Macdonald who had his training in perhaps the same spheres, but also in other spheres as well, and who speaks English and

French. He speaks some Spanish, but I do not know whether he speaks Portuguese. Nevertheless, the reports we get are that in the short time has has been there, he has also been making a good impression. I am saying quite frankly to the hon. member that in general we get glowing reports of the efficiency of our representation; and if he has information about any one or more of these missions and will convey that information to me confidentially, I shall be grateful to him, because it is our desire to have the best possible representation.

The hon. member says we are suffering from the fact that we have some men who are beyond middle age and some who have not reached middle age. The hon. member will recognize that, as a consequence of the first great war, there was a gap in our population, and we are feeling that in many walks of life. I am proud to be able to say that the Department of External Affairs is attracting a high class of men from our institutions of learning. Some time ago we advertised for fifteen appointments as third secretaries. The educational standards required were high. Over 300 applicants took the examinations, so that for fifteen appointments we had 300 who had the academic qualifications, who wrote the examinations, and from whom we were privileged to select fifteen. I think we are getting into the service men who will be able to serve Canada with credit to themselves and advantage to the country. It takes some time to train them, and we have had the advantage of securing several well qualified public servants from other branches of the civil service. We are using our best endeavours to make our representation abroad truly representative of Canada.

Mr. HAZEN: I should like to ask a question about an item which appears at page 119 of the estimates. It reads:

Office of the Canadian delegation to the united nations, New York, U.S.A., operational expenses, $167,500.

That is the amount for 1948-49. In the right-hand column no amount is set out. Why is there no amount for the previous year?

My second question is this. Immediately under the operational item is the item, "Capital item, $23,000". What is that $23,000 for?

Mr. ST. LAURENT: There is no amount mentioned in the column opposite the $167,500 for 1947-48, because no such amount was voted for that year. We were elected to the security council at the general assembly in the autumn of 1947, and that required the establishment of permanent offices at the united nations. The expenses incurred for the portion of the fiscal year expiring on March 31, 1948, had to be provided out of votes other than the special vote for this service. The capital item of $23,000 was placed there before we had succeeded in renting a furnished house for the Canadian representative. We anticipated that we would have to furnish the premises to be provided for our representative. When the estimates were prepared that was what we had in mind. Since that time, however, we have been able to secure for our representative furnished premises, and the things we had in view when the estimates were provided will probably not be required.

Mr. HAZEN: We are asked to vote this $23,000, although there will be no need for it?

Mr. ST. LAURENT: The hon. member knows that in these votes we sometimes borrow from one item for the advantage of another, with the authority of treasury board. When this was provided it was intended to furnish the premises to be placed at the disposal of the Canadian representative. Since that time we have succeeded in renting furnished premises. There may be some small portion of this appropriation required; there may be some things which will be necessary in the course of the year to complete the furnishings there. But at this moment I must say to the hon. member that I do not know of anything we shall have to furnish in the course of the year which it would be proper to charge against this item.

Mr. KNIGHT: I have often wondered whether the Canadian government ever takes a hand in the early education and training of potential consuls or representatives abroad. I should like to recommend the system which the British have used for many years—at least back as far as 1900—whereby the British government sets competitive examinations open to men of a certain age and written usually by those who have proved themselves to be brilliant linguists at school. Probably the minimum age—perhaps I should not use the word "floor" which has been used in other discussions—is eighteen years. Competitive examinations are open to men between the ages of eighteen and, perhaps, twenty-four, who are graduates of recognized universities. These boys write competitive examinations, at which those required are chosen.

May I say there are not many examinations because, as the minister knows, the men are not required in large numbers. Two or three are selected by the process of competitive examination out of perhaps 400 or 500 who may write at the same time. These men are then given scholarships, perhaps to Oxford or Cambridge—and I know certainly that this is

true with respect to Cambridge in this connection—and there they take another two years' intensive study in languages.

They are then sent out on their first appointment in a foreign field to act as student interpreters in one of the countries with the language of which, through their early training, they have become perfectly familiar. From there they become career members of the consular service.

I do not know whether the Canadian government is doing anything like that. I am sure, however, that there are brilliant linguists in this country, that there are just as brilliant boys here as there are in the old country, who might be given an early start along the road in this manner. I believe it would be for the benefit of the younger students, who by themselves could not afford that intensive training, if the Canadian government were to invest some money in that direction. Is any such system practised in Canada and, if not, would the minister consider it?

Mr. ST. LAURENT: I am not aware that there are scholarships in the United Kingdom for anything but the study of oriental languages. There are, I understand, some scholarships for the study of oriental languages, and we have nothing of that kind here. We have competitive examinations, and we do provide assistance for the study of languages to the extent of $25 a month by way of tuition fees. We do add to the ordinary classified salaries of officials $15 a month for those who are fluent in the language of the country in which they are exercising their functions.

Mr. ROSS (St. Paul's): I notice an item here of $10,000 for the chief of mission, and another item of $250,000 for new offices. Then there is $340,400 for the purchase of premises for missions abroad. What are these items for? Where is the chief of mission?

Mr. ST. LAURENT: The word "mission" is used to cover embassies, legations and offices of high commissioners. It is a general term. We have a chief of mission in Tokyo, but we have no specific organization there. This $250,000 is to apply to all the foreign establishments.

Mr. JACKMAN: I understood the minister to say a moment ago that if there were a deficiency in one item it was customary to borrow the money under another item. Is that allowed by the auditor general, and how is it repaid?

Mr. ST. LAURENT: It is another item within the same group, and it has to be by allocation of the treasury board.

Mr. JACKMAN: These estimates total $9,685,000. Are you allowed to borrow from one item in order to make up the deficiency in some other item?

Mr. ST. LAURENT: Only within the vote.

Mr. JACKMAN: It must be within the same vote?

Mr. ST. LAURENT: Within the same vote.

Mr. JACKMAN: In looking over the details, I was interested to note that the high commissioners come first and then follow the amounts for the various ambassadors abroad. I understand that in the table of diplomatic precedence our high commissioners follow ambassadors and probably ministers. Would the minister explain why it is that the high commissioners do not take what I would call their rightful place according to seniority in the diplomatic ranks?

For instance, here in Canada we have the high commissioner for Eire, an able gentleman in the person of Mr. Hearne. If seniority were to count from the date of appointment he would probably be the doyen of the diplomatic corps. However, any ambassador from a foreign country now takes precedence over him, and the same thing must work in regard to the high commissioners representing Canada in the other countries of the commonwealth.

Mr. ST. LAURENT: The tables of precedence are established by His Majesty. The high commissioners are not representatives of what we would term "foreign countries"; they are representatives of countries of the commonwealth and have not the rank of ambassadors. Ambassadors are accredited by the head of a state to the head of a state. Ambassadors or ministers in Canada are accredited to His Majesty the King by the heads of the states they represent. The way the constitution has developed, His Majesty the King would as King of England be accrediting a high commissioner to His Majesty as King of Canada. It is not done. The high commissioner represents the government of the United Kingdom and is accredited to the government of Canada, not to His Majesty the King.

I think that is an anomaly; it is a vestige of the way things have developed. It has been under discussion for some time with the various governments of the commonwealth, and I hope the time will come when it will be removed and when these representatives of the sister nations of the commonwealth

will have within the commonwealth the precedence that normally would be theirs if we were not all nations of the commonwealth. I do not think that would mean any loosening of commonwealth ties, and I hope some day it will be recognized in that light.

Mr. JACKMAN: Is the question of giving the high commissioners their proper seniority still developing, or is the matter stalemated at the present time?

Mr. ST. LAURENT: I would not say that the matter is stalemated at the present time. It is tied up with the use of the title "high commissioner." This is something which is not understood in foreign capitals. Of course there are matters which must not be dealt with too lightly, but which I think will come about as one of the consequences of the declaration of equality of status which preceded the Statute of Westminster.

Mr. POULIOT: Why should ambassadors who represent heads of states come after high commissioners who represent governments? It seems to me that ambassadors representing heads of states should be ahead of high commissioners who represent governments. That would also be following the alphabetical order. I make that suggestion in connection with the estimates of next year. Have consuls and those under them who look after trade matters been transferred to the Department of Trade and Commerce?

Mr. ST. LAURENT: Answering the first question, may I say that ambassadors precede high commissioners in the table of official precedence for social purposes, but our estimates have developed in this way because we had high commissioners before we had ambassadors. I do not think there is any reason for changing the order now.

With respect to the second question, consuls in foreign countries operate under the jurisdiction of the foreign offices, while trade commissioners are under the jurisdiction of the Department of Trade and Commerce. Consuls have an official function which is recognized by international law as being of a semi-diplomatic nature. In order to fulfil their duties they must get, from the state in which they are to operate, a certificate of recognition commonly called an exequatur. That is signed by the head of the state in which they are to carry on their functions. It would be a departure from general international practice to have consuls under any other department than the department dealing with foreign or external relations.

[Mr. St. Laurent.]

Mr. POULIOT: Do they get their instructions from the Department of External Affairs or from the Department of Trade and Commerce?

Mr. ST. LAURENT: They get instructions on trade matters from the Department of Trade and Commerce.

Mr. POULIOT: Direct?

Mr. ST. LAURENT: Direct; they report direct on trade matters to the Department of Trade and Commerce.

Mr. POULIOT: Do Canadian ambassadors represent the King of the United Kingdom or the King of Canada?

Mr. ST. LAURENT: They represent His Majesty in his capacity as King of Canada.

Mr. BRADSHAW: Could we have a breakdown of the item of three-quarters of a million dollars?

Mr. ST. LAURENT: Is the hon. gentleman speaking of the item of $956,906? These amounts are broken down in two ways. One is a breakdown by heads of expenses. These are the allowances for all the missions abroad. The hon. gentleman will find the detailed breakdown of the operational expenses of these missions listed on pages 116 and 117 of the estimates. So you have the two. One is the total amount of allowances, and then you have them broken down for each mission abroad under the total of operational expenses, on pages 116 and 117.

Mr. HLYNKA: I should like to say a word on the point touched upon by the hon. member for Kootenay West. I am not in a position to express an opinion as to the type of men who are employed in our service in South American countries, but I should like to say a word about those whom I met while travelling in western Europe last year. I am proud to say that just about every Canadian I met in our foreign service was the type of man of whom Canada could be proud. They were capable, efficient, well trained, and they certainly knew their job. I was really pleased when I had occasion to meet a number of these men in our foreign service in Italy, France, Germany and the United Kingdom, and I have nothing but praise for them.

I think it is to the advantage of the country to have older men in the service along with the younger men. I do not think it would be wise for any country to appoint young men only to foreign service, because the older men who are in it have had many years of experience, particularly those who have served in a military capacity. They can

be of great assistance to our younger men. Our young men have been learning very fast, and I was indeed pleased to find that they were doing excellent work in the various countries.

I should like to ask the minister why Canada limits her representation to the small number of representatives we have in the various countries? Canada has grown up to occupy an important position in the world, and in my opinion we have not a sufficient number of men in our foreign service. Surely we could train a number of our younger men who have seen service in the last war and then send them out into various countries. I feel that this vote should be much larger than it is, particularly in view of the uncertain times in which we live. We need representatives abroad in times such as these.

I should also like to ask the minister whether it would not be possible for Canada to employ a number of well-trained experts in this line who at present reside in England. Some of these people have spoken to me. As a matter of fact, they asked me whether it would be possible for them to make application to serve Canada abroad. Some of them speak fluently six or seven or more eastern European languages. We have not the men in Canada who speak these languages. The men I have in mind I met while travelling in Europe, and their qualifications are hard to match. Why should we not employ some of them where we are short of our own trained men? I understand that it is necessary even for the British-born to live ten years in Canada before they may be appointed to work for the external affairs department, but it seems to me that this is a time when we could use a number of these Britishers in various countries, particularly in the east.

Mr. ST. LAURENT: I thank the hon. member for his tribute to the members of the external affairs department with whom he has been in contact abroad. I can assure him that it is our constant care to try to get proper representation everywhere. The hon. member says we should expand perhaps more rapidly than we have been doing. In May, 1947, we had ninety-nine representatives classified as officers abroad; in May, 1948, we had twelve more, or a total of 111. When we had ninety-nine, we had a clerical staff abroad of 315, and when we had 111, we had a clerical staff abroad of 493. When you increase your representation abroad, if you are to make the proper use of the reports and information gathered there, you have to make a proportionate increase in your staff in the head office. I find that we have growing pains, even at the rate at which we have proceeded to expand. It was and is, of course, necessary to expand, but we must not be too hasty about this. We try to get into the service persons who, when they are abroad, will give a proper impression of what is a Canadian, and for that reason we want to take in persons who, before they come into the service, have had at least ten years' residence in Canada. We think that will be helpful in enabling them to give a proper impression of what is a typical Canadian.

Item agreed to.

59. Canadian section of Canada-U.S. permanent joint board on defence, $2,500.

Mr. PEARKES: Would the minister give the committee some information regarding this item? For instance, who are the Canadian members of this joint board, what meetings are expected to be held, and where will they be held? This item can hardly be intended to cover salaries.

Mr. ST. LAURENT: The meetings of this joint board take place about every two months. This vote is intended to cover the travelling expenses of the board. The members of the board receive no special salary for their services. The chairman of the Canadian section at the present time is General A. G. L. McNaughton. The navy member is Rear Admiral F. L. Houghton. The army member is Major-General C. C. Mann. The air force member is Air Vice Marshal A. L. Morfee. The secretary, who is an officer of the external affairs department, is Mr. David M. Johnson. The place of meeting is determined at each meeting for the subsequent meeting, and they usually alternate between some United States point and some Canadian point.

Item agreed to.

60. To provide for relief of distressed Canadian citizens abroad, $10,000.

Mr. PEARKES: Does this item cover the return expenses of Canadians who were interned by the enemy, particularly the Japanese?

Mr. ST. LAURENT: No; these expenses were all paid out of a war vote. This is a sort of revolving fund that can be drawn upon by our representatives abroad when they feel that it is proper to make some advances to a Canadian national to help him out of a temporary embarrassment. The losses incurred in these advances are very small.

Mr. PEARKES: All the expenses in connection with the repatriation of interned prisoners have been met, have they?

Mr. ST. LAURENT: These expenses were not administered by the Department of External Affairs. I understand that the mat-

ter was handled by the immigration branch, and was covered by a vote obtained by that department for that purpose.

Mr. POULIOT: I have a case to submit to the minister. It does not come under this vote, but it may be fixed up by this vote. A Canadian soldier married an English girl in the British isles during the war. After her marriage she did not want to come to Canada. Payments for return to Canada were allowed until December 31 last. This year she decided to come, but her fare would not be paid by the Department of Veterans Affairs. Her husband is much disappointed. I wonder whether he could not come under this item to bring his wife to Canada.

Mr. ST. LAURENT: I am afraid not. I am afraid it would be stretching pretty far the purpose for which this vote is made to apply it to a condition of that kind. Funds are still being voted for dependents' allowances, and I trust that the hon. member will be able to arrange something there that would appear to come more properly under that kind of vote than this one.

Mr. POULIOT: For that soldier it was a case of distress.

Item agreed to.

61. Canadian representation at international conferences, $300,000.

Mr. KNIGHT: I should like to say, as I have said before, that I am, and have been, disappointed at the action of the Canadian government in regard to UNESCO. I think this is the place to say it. I shall deal with the matter under two heads. First of all, as regards Canadian representation, for instance, this year at Mexico City, I do not think the minister takes this matter seriously enough. I do not think he realizes the disappointment that is felt by people in educational, art bodies and scientific bodies in this country in this matter. The Canadian representation at Mexico this year consisted of a group of top civil servants. No doubt they were all fine men in their own right. They were well qualified to be on that particular conference; but the point is that these various organizations in this country, for the most part educational, are very much interested that their views should be placed before this international body. They consider that they are entitled to some representation, and that the government and the minister should make a choice from among these bodies. If these men are appointed it would not preclude the choice of civil servants, but it would give these people some feeling that they had some interest and some participation, if I might say so, in this particular matter.

With regard to the matter of the commission which we had hoped would have been set up, may I say it is now three years since I have been asking the minister questions and he has not been answering them. By that I mean he has been answering them in the same way.

Mr. ST. LAURENT: He has not been setting up the commission.

Mr. KNIGHT: Exactly. With that I have some fault to find. Certainly the commission should have been set up. The point is that we have never got to the bottom of the reason why the commission was not set up. Apparently we do not have the whole story, but the minister cannot blame us for that. If there is a story that we have not heard we should like to hear it from the minister as the responsible minister of the crown, because, after all, in the preparatory commission to which Canada was a signatory it was proposed that these national commissions should be set up. I know that the educational bodies, to which I have already referred, have been looking forward with keen anticipation to the setting up of that particular body. There is much more that I could say, and may I say there is much more that the minister could say, but he persists in not saying it. Therefore I suppose I cannot expect him to say it at this late date, having tried, as I have done, over a period of three years to get at the bottom of why this international commission of UNESCO has not been set up to carry on these things which it could carry on to the benefit of this country and to international education and understanding. I merely take this short space of time again to register that particular protest.

Item agreed to.

Mr. JAQUES: May I revert to item 65? I notice an increase of nearly 500 per cent in the estimate. I wonder why the committee passes this very important item without one attempt to discuss it. I should like to know just what is meant by "education". Am I to take it that our own educational institutions are incapable of educating Canadian people in scientific and cultural organization? Is it education, or is it pure propaganda? Is the idea—and this is the idea that I have, and I have spoken on it before—to impose an international culture and education to replace our native culture and our native ideas? Since there is an increase of nearly 500 per cent in the item, the committee certainly should take

more notice of it than simply to say "carried", even if it is at the end of the session. I do not like many of the men at the head of UNESCO. I do not like their ideas, and I do not like what can I understand to be their objective; that is, to impose international culture on all native culture. I should like to know how far this is education and how far it is propaganda.

Mr. ST. LAURENT: I think the hon. member will have to attend some of their meetings to form his own opinion as to what they do. This is a contribution assessed against Canada as a member of UNESCO under a constitution that was approved by the Canadian government. It appears that there is a substantial increase in the amount here, but it is only in appearance. For 1947 the total was $311,640 United States funds, but only a portion of that is shown here. The larger portion came out of an estimate of the previous fiscal year which was of the same calendar year, but this year the whole assessment is provided in this one vote.

With respect to the activities of UNESCO, one hon. member feels that we are not giving them sufficient encouragement. The main accomplishment to date has been the initiation of campaigns in various countries for funds for educational, scientific and cultural reconstruction in the war devastated countries.

UNESCO has established pilot projects in Haiti, China, British East Africa and Peru to test techniques with respect to fundamental education. It has also made contributions to other educational and cultural movements for the assistance of the war devastated countries.

So far, to answer the hon. member, there would appear to be such obstacles in the way of intellectual co-operation that we have felt it was preferable to go rather slowly, and we think the objects of this organization require to be based upon a feeling of security, stability and world peace in order to be productive of beneficial and long-term results.

Mr. KNIGHT: I wish to make a point in regard to the extra expenditure. I agree with the hon. member who thinks this expenditure is too great, perhaps on the international phase of the question, and I base the argument on the fact that this money is largely a waste if we have not at the same time a national commission of responsible persons in this country who can steer the particular deliberations of UNESCO in any way they like. There is no use in my hon. friend of the Social Credit party, who has spoken, protesting, because we can make it what we like. We can make it serve our own particular purpose. I believe that the whole international business should spring from national roots as far as we are concerned, and we have not a national commission. In that respect we have practically nothing, and to that extent I agree that, in part, the vote is a waste of money. If, on the other hand, the minister had appointed, as we hoped he would, a national commission, we would say, It is our money; it is our business; we are running it and we know where we are going. I have felt that there was something dark and mysterious here that has never been brought into the open. My hon. friend to my left may tell me that the thing is riddled with communist influence. Well, if it is I want to know about it.

Mr. ST. LAURENT: We have no information to that effect.

Mr. JAQUES: I am glad to be able to agree with my hon. friend to my right. I think he has put his finger on my objection in this matter. We have no control over this. We are in the dark about it; I am, at any rate. I think my hon. friend has the same idea that I have, that we are paying this money and have no control over it. It is not so much the way in which the money is spent, as the use to which it is put; that is to say, the policy which is behind the whole idea of UNESCO. I think the committee should have more to say about the matter than it has had. The matter is of vital importance, of greater importance than meets the eye. I thank my hon. friend for the support he has given me.

Item agreed to.

DEPARTMENT OF AGRICULTURE

Special—

33. To provide for assistance to encourage the improvement of cheese and cheese factories, $1,700,000.

Mr. McLURE: There is $1,300,000 in premiums on high quality cheese, and for standardization of factories there is $400,000, making a total of $1,700,000. I would ask the parliamentary assistant to explain the premiums on cheese. From my point of view, these two items, in dollars and cents, should be reversed. Some of the cheese factories throughout the country should be assisted. Better machinery should be put in. If that were done we would have generally a higher grade in our cheese. There is only $400,000 to assist in cold storage plants and in the way of different kinds of machinery.

Mr. ROBERT McCUBBIN (Parliamentary Assistant to the Minister of Agriculture): What the hon. gentleman has suggested can be brought about only by the application of those who are operating cheese factories. If

they wish to have help they should apply. Is the hon. member referring to curing rooms?

Mr. McLURE: Yes.

Mr. McCUBBIN: They must make application. The dominion government is willing to assist. There is one cent on 92 point cheese and two cents on anything over 99. They make application for that. Is that what the hon. member has in mind?

Mr. McLURE: What proportion of that would go to the maker, in comparison with what goes to the factory? The maker is entitled to a certain amount.

Mr. McCUBBIN: My understanding is that it all goes to the producer. The factory may keep a portion out, but it is all supposed to go to the producer of cheese. Anything that reverted to the factory would be only at the request of the producer.

Mr. HACKETT: I should like the parliamentary assistant to explain, if he can, the depressing effect that the bonusing of cheese has upon the manufacture of butter, the dispersal of the herds especially in the eastern townships, the consequent shortage of butter and the high price of that commodity.

Mr. McCUBBIN: The question the hon. member for Stanstead has asked may be a difficult one to answer. Some districts have been in the habit of sending milk to the cheese factory for the making of cheese. Others have been in the habit of separating their milk and sending it to the creamery. In a district such as my own, we are creamery butter producers and we stay that way. Other districts are in the cheese business and they stay that way. There may be a swing one way or the other. There may be a few who go to cheese and leave the creameries, and vice versa.

But to answer the last part of the hon. member's question is a difficult thing to do. There may be numerous reasons why the production of butter is not up. Later on, we shall come to that, and I may have something further to say then.

Mr. HACKETT: I do not wish to pursue the question at this moment in view of the statement just made by the parliamentary assistant. But when he comes to the question and to proffer a solution, I should like him to consider the fact that the herds have been greatly reduced because there is no money in making butter owing to the high price of feed, and that there is in consequence a shortage of butter, which threatens not only the convenience but the welfare of the Canadian public.

[Mr. McCubbin.]

Mr. JAQUES: This item is to encourage the improvement of cheese. I should like to suggest that one way to encourage that improvement would be to see that the restaurant in the House of Commons sells good cheese. By that, I do not mean the big brands of factory cheese. I believe there is some cheese called Old Ontario cheese, which is good cheese. My complaint is that you cannot buy it or you cannot get it. Can the minister tell us why it is that good cheese is so hard to come by in this country when it is one of the great cheese-making countries? I know you can buy cheese, and when I say that, I am referring to the big brands. But I do not mean that sort of cheese. I mean the cheese that we used to get years ago. I have repeatedly asked for Old Ontario cheese, but I am never able to get it. I think it would be a great encouragement if we could get it here in the House of Commons, for instance. Can the minister say why it is so scarce?

Mr. McCUBBIN: The demand today is for green cheese and not for the old types of cheese to which the hon. member has referred. The demand is so great that it is taken up and is not allowed to stand the way it used to in years gone by. For that reason we do not get the old brands of which the hon. member speaks.

Mr. JAQUES: Am I to understand that the deliberate choice of the people is green cheese, and that they do not know a good cheese when they taste it?

Mr. McCUBBIN: Oh, no.

Mr. JAQUES: Am I to understand that they actually prefer new green cheese or what is really nothing but curd? If they do not care for the good old cheese, what is the purpose of this item? I thought the people did not eat it because they could not get it. I know that is why I do not eat it.

Mr. WHITE (Middlesex East): Some time ago I asked the parliamentary assistant with regard to the cheese and butter situation. It would seem to me that we are producing cheese for export and selling it on credit. If my memory serves me aright, we did not get paid for a great deal of what we sold on credit after the first great war, and my opinion is that we shall not get paid for a great deal of what we are to sell now.

Mr. McCUBBIN: I do not wish to stop the hon. member for Middlesex East. As a matter of fact, I should like to hear what he has to say. But I wonder if he would wait until we come to item 45 to say what he intends to say. Will that be all right?

Mr. WHITE (Middlesex East): Yes.

The DEPUTY CHAIRMAN: Shall the item carry?

Mr. HERRIDGE: No.

Some hon. MEMBERS: Eleven o'clock.

Mr. HERRIDGE: This item for assistance to encourage the improvement of cheese and cheese factories is for a large sum of money, namely, $1,700,000. In my own district a small cheese factory was established which has been of great advantage to the surrounding community. They are producing a high quality of cheese. I think it is a type of cheese that possibly the hon. member for Wetaskiwin would like to purchase. It is something which is a little different from the standard brands.

Mr. JAQUES: I like the taste of it.

Mr. HERRIDGE: That factory has grown to some extent and it is serving an increasing number of farmers. They desire to improve their equipment, to put in cold storage and various things. That company has applied for a loan under the development act and has been refused. In fact the company has applied to all sources of government which are supposed to grant aid or assistance in connection with the improvement of cheese factories, and to date they have received no assistance. Would the parliamentary assistant mind explaining to the committee how this assistance is granted to those who are operating cheese factories and want to improve them? Will he say on what terms assistance is granted and under what circumstances?

Mr. McCUBBIN: I should like to ask the hon. member what type of assistance this cheese factory desires.

Mr. HERRIDGE: Cold storage of some type.

Some hon. MEMBERS: Eleven o'clock.

Mr. HACKETT: Will the parliamentary assistant say if item 15 will afford me an opportunity of discussing butter?

Mr. McCUBBIN: Item 45.

Mr. HACKETT: That opportunity will be given under item 45?

Mr. McCUBBIN: That is right.

Some hon. MEMBERS: Eleven o'clock.

The DEPUTY CHAIRMAN: Shall the item carry?

Some hon. MEMBERS: No.

Item stands.

Progress reported.

PRIVILEGE

MR. MACDONNELL—SPECIAL EXCISE TAX—REFERENCE TO REPORT IN OTTAWA "EVENING CITIZEN"

Mr. J. M. MACDONNELL (Muskoka-Ontario): On a question of privilege, Mr. Speaker, I wish to draw to your attention a matter which affects the rights and privileges of myself and of every member of the house. The *Evening Citizen* carries a report which says a highly placed informant has told the Canadian Press that the government has decided to withdraw the special 25 per cent excise tax imposed on a broad list of goods. If that report is true I suggest that not only is it a gross breach of the privilege of members of parliament, but it is in effect a gross budget leak, and it is also a monkey wrench thrown into the business of the country. The government should inform us in the morning as to what the truth is. I propose to raise the matter again when the house meets in the morning. And I would say that the report further makes the outrageous suggestion that the government is considering whether this should be removed by legislation or by order in council. In other words, this report is suggesting that the government is waiting until parliament is prorogued in order to do this by order in council.

I repeat that if this is true, then whoever was responsible should be dealt with in the most exemplary manner, and I wish further to say that I will raise this question again when the house reassembles tomorrow morning.

BUSINESS OF THE HOUSE

Mr. MacNICOL: What is the business for tomorrow?

Mr. FOURNIER (Hull): Tomorrow we shall proceed with the following measures: the resolution in the name of the Minister of National Defence, concerning certain moneys contributed to the Canadian officers training corps; Bill No. 363, to amend the Yukon Quartz Mining Act; Bill No. 350, to amend the Canadian and British Insurance Companies Act, 1932, and the Foreign Insurance Companies Act, 1932; Bill No. 351, to amend the Quebec Savings Banks Act; Bill No. 392, to amend the Agricultural Prices Support Act, 1944; Bill No. 393, to amend the Civilian War Pensions and Allowances Act, Bill No. 229, to amend the Customs Act; and if we have a printed copy of the amended bill, we shall proceed with Bill No. 338, an act respecting income tax—but I am not sure about that. Most of these bills are not contentious.

Then we shall move to go into supply to consider the estimates of the departments of Agriculture, Mines and Resources, Fisheries, National Revenue and Public Works.

Mr. MacNICOL: In that order?

Mr. FOURNIER (Hull): I am not sure about the order.

Mr. KNOWLES: May I ask the minister if the bills he indicated tonight, which would pretty well clean up the order paper, constitute all the measures on the order paper which the government intends to proceed with at this session.

Mr. FOURNIER (Hull): I believe there will be two more bills. I am not sure; I shall have further information tomorrow.

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

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

DEPARTMENT OF EXTERNAL AFFAIRS

52. Departmental administration, $1,915,860.

53. Passport office administration, $138,500.

54. Representation abroad—including salaries of high commissioners, ambassadors, ministers plenipotentiary, consuls, secretaries and staff, notwithstanding anything to the contrary in the Civil Service Act or any of its amendments, $5,083,082.

55. To provide for hospitality in connection with visitors from abroad, $25,000.

56. Amount required to meet loss on exchange, $45,000.

57. Grant to united nations society in Canada, $5,000.

58. Expenses of the Canadian delegation to the international civil aviation organization, including salaries of the Canadian delegate and staff, notwithstanding anything to the contrary in the Civil Service Act or any of its amendments, $25,000.

59. Canadian section of Canada-U.S. permanent joint board on defence, $2,500.

60. To provide for relief of distressed Canadian citizens abroad, $10,000.

61. Canadian representation at international conferences, $300,000.

Assessment for membership in the following international or commonwealth organizations—

62. United nations, $1,095,500.

63. Imperial economic committee, $21,500.

64. Imperial shipping committee, $2,000.

65. United nations educational, scientific and cultural organization, $326,000.

66. Food and agriculture organization of the united nations, $191,000.

67. General post—UNRRA relief—Amount required to meet outstanding commitments for relief shipments (revote), $500,000.

HOUSE OF COMMONS

Tuesday, June 22, 1948

The house met at eleven o'clock.

PRIVILEGE

MR. CAMPBELL—STOPPING OF MOTORCARS FOR SALE OF POLICE BENEFIT TICKETS

Mr. MAX CAMPBELL (The Battlefords): Mr. Speaker, I rise to a question of privilege. Last Sunday as I was driving to Montreal, two policemen were stopping all traffic just outside the city limits. One stepped over to my car and handed me a ticket for some police benefit and asked me to buy it. I think this is something the public should not be asked to tolerate. I spoke to another motorist who had been stopped in the same way and he told me that when he refused to buy a ticket the police took the number of his car. I protest against that sort of action by municipal police, and I think the Minister of Justice (Mr. Ilsley) might notify the police commission of Montreal that Canadians do not want that sort of thing.

MR. MACDONNELL — SPECIAL EXCISE TAX — REFERENCE TO REPORT IN OTTAWA "EVENING CITIZEN"

Mr. J. M. MACDONNELL (Muskoka-Ontario): Mr. Speaker, on a question of privilege, last evening at eleven o'clock I drew the attention of the house to a statement in the Ottawa Evening *Citizen* that a "highly-placed informant" had told the Canadian Press that the government had decided to withdraw the special 25 per cent excise tax. I said that if that were true I considered it a gross breach of the privileges of the house, a gross budget leak and a monkey wrench thrown into Canadian business. I said that I would bring up the matter again this morning and ask for a statement. I said that if that statement were true, exemplary treatment should be given to the person or persons responsible.

I think we are getting tired of government not only by radio announcement but by newspaper announcement. I suggest to hon. members of the house in every quarter that when they read about this highly-placed informant they contrast in their minds the very lowly place of the representatives of the people as against the highly-placed informant who is a servant of the government.

Hon. DOUGLAS ABBOTT (Minister of Finance): Mr. Speaker, my hon. friend, as he said, was good enough to give me newspaper notice of his intention to raise this question. The statement to which he referred was called to my attention at six o'clock yesterday evening. I had been working in treasury board on the supplementary estimates during the afternoon, and had not seen the afternoon papers. I was in the house at half past ten o'clock, but I left at twenty minutes to eleven. However, I am glad to make a statement as suggested by my hon. friend.

I would point out to the house something of which it is well aware. It is most unusual for a minister of finance or any other minister either to confirm or to deny rumours of this kind. But in view of the widespread publicity which has been given to this rumour and the statement of my hon. friend, I have no alternative but to say that the rumour is without foundation.

I understand that my hon. friend used the words "flouting of parliament" in his statement to the house yesterday evening.

Mr. MACDONNELL (Muskoka-Ontario): If it were true.

Mr. ABBOTT: Allow me to make a speech, please. He used the words, "flouting of parliament", and asked whether it was true that these taxes might be removed by order in council. I have to paraphrase his words, because I have not *Hansard* before me; it is not yet available. But the hon. member used some such words. He said that if it were true that these taxes might be removed by order in council, it would be flouting parliament.

I want to call the attention of the house to the fact that when the tax bill was introduced I pointed out in clear and specific terms that the taxes were of a special temporary character and that they would be removed as soon as circumstances permitted their removal. I call the attention of the house to subsection 5 of section 1 of Bill No. 172, which reads in part as follows:

> The governor in council may, when he deems it advisable either in order to avoid restricting production of goods for export from Canada or otherwise, by proclamation, declare that a section, or a part thereof, in schedule I of the

Excise Tax Act enacted by this act shall cease to have effect on and after a day fixed in the proclamation . . .

I stated repeatedly during the debate on the taxes that these taxes would be removed when circumstances justified their removal. I have had several delegations call on me, and I have reiterated that point to them. All I can say now is that the time when and the extent to which these taxes will be removed is a matter of government policy which will be announced in due course and not by any rumour in the newspapers.

Mr. MACDONNELL (Muskoka-Ontario): I wish to say that I did not overlook the section referred to by the minister. I am fully aware of that, but this highly-placed informant's statement was to the effect, as I read it, that the tax would be withdrawn in toto. That is why I raised the point. I understand and appreciate the minister's point.

INDIAN AFFAIRS

Fourth report of the special joint committee on the Indian Act—Mr. Brown.

CATTLE

INQUIRY AS TO EMBARGO ON UNITED STATES SHIPMENTS

On the orders of the day:

Mr. J. A. CHARLTON (Brant): Mr. Speaker, I should like to direct a question to the parliamentary assistant to the Minister of Agriculture. In view of the fact that the Toronto cattle market is practically closed, with a hold-over of 6,000 head of cattle, will not the government now state their present policy with regard to the embargo on shipments of cattle to the United States?

Mr. ROBERT McCUBBIN (Parliamentary Assistant to the Minister of Agriculture): Mr. Speaker, the government will announce its policy in due course, and when it does so I know it will be in the interests of the producers of this country.

Mr. ROSS (Souris): If I may ask a supplementary question, the Minister of Agriculture on his estimates said some months ago that negotiations would be carried on with the United States with respect to the quota and lifting the embargo. May I ask what progress has been made in those negotiations?

Mr. McCUBBIN: Good progress has been made, but we are not ready yet to make an announcement.

[Mr. Abbott.]

HEALTH AND WELFARE

PHYSICAL FITNESS ADMINISTRATION—FINANCIAL STATEMENT PLACED ON RECORD JUNE 16

On the orders of the day:

Hon. PAUL MARTIN (Minister of National Health and Welfare): Mr. Speaker, on Friday last the hon. member for Eglinton (Mr. Fleming) called my attention to what he said was an error in that I had placed on record the financial statement of the national physical fitness administration for the fiscal year ended March 31, 1947. Actually the statement was for 1948, but there was a misprint in the title of the statement.

COST OF LIVING

INQUIRY AS TO SUBSIDIES AND PRESS STATEMENT

On the orders of the day:

Mr. STANLEY KNOWLES (Winnipeg North Centre): Mr. Speaker, may I direct a question either to the Prime Minister or to the Minister of Finance, relating to a matter of considerable public interest and concern? Will the Prime Minister or the Minister of Finance reconcile the statement of the Minister of Finance to me a week ago, that there would be no return to subsidies to keep down the cost of living, with the reported statement of the Prime Minister that he agreed with the member for Waterloo North (Mr. Breithaupt) that there should be subsidies to keep down the cost of living.

Right Hon. W. L. MACKENZIE KING (Prime Minister): I am very happy my hon. friend has raised that question. It gives me a chance to say that I have never made any statement to the member for Waterloo North relating to subsidies. The question of subsidies was never mentioned by me.

May I say that there have been no end of statements attributed to me in the press in the last few days which are wholly unfounded and untrue. I have read one statement to the effect that after that so-called interview the other day in my office I had gone to council chamber and there had been a scene there with the Minister of Finance. I have my colleagues sitting around me at the present time, and I say we never had a pleasanter meeting of council than we had that day.

I read the other day in another paper that I had read the Minister of Finance a lecture, that I had told him that he must be more human, and had given him a list of items on which the excise duties must be removed, and so forth.

Mr. KNOWLES: Hear, hear.

Mr. MACKENZIE KING: My hon. friend says "hear, hear." He is echoing these anonymous statements in the press that are without any foundation whatsoever. I have never read the Minister of Finance a lecture in my life, nor has he ever read me one. We each respect the other far too much to act as school boys in a matter relating to public business, and I hope my hon. friend will not follow the example of the press in the particular I have mentioned.

Mr. KNOWLES: Then is there to be no change in government policy with respect to the still rising cost of living?

COAL

INQUIRY AS TO NOVA SCOTIA MINES WORKING HALF-TIME

On the orders of the day:

Mr. CLARENCE GILLIS (Cape Breton South): Mr. Speaker, may I be permitted to address a question to the Minister of Trade and Commerce? Has it been brought to his attention that four small operating coal companies in Nova Scotia, employing some eight hundred men, are working half-time because of a lack of markets? Can he explain why Canadian mines should be idle while there are heavy imports of coal from the United States?

Right Hon. C. D. HOWE (Minister of Trade and Commerce): There may be several reasons for the lack of markets. One of these small operators called on me a few days ago and made the same statement. I asked him if he had interviewed the coal board, and he said no. I suggested that he do so. He did so, and the board pointed out markets he could easily reach under the usual subvention policy. He went to those markets and sold coal and went back home. Perhaps if the other operators would do the same, the situation would not appear so serious.

CIVIL SERVICE

INQUIRY AS TO QUESTIONNAIRE CIRCULATED IN CERTAIN DEPARTMENTS

On the orders of the day:

Mr. STANLEY KNOWLES (Winnipeg North Centre): Mr. Speaker, is the Minister of Justice yet in a position to answer the questions put to him on Saturday about the questionnaire being circulated in certain departments of the government?

Right Hon. J. L. ILSLEY (Minister of Justice): I am prepared to answer that question; in fact, I have been seeking an opportunity for the last few minutes.

With reference to the questions asked on Saturday, June 19, by the hon. member for Lake Centre (Mr. Diefenbaker) and the hon. member for Winnipeg North Centre (Mr. Knowles), the government are aware of the concern felt by members generally in the matter of the security of government employees. For that reason it is felt to be advisable that a general statement on the subject should be made.

The government is acutely aware of its responsibility in relation to security within the government service, and administrative measures have been taken to ensure the safety of the state in this respect. These measures do not interfere with traditional principles of just treatment.

In the government's view, loyalty is not susceptible to any precise series of tests. Accordingly, after careful consideration, it was decided not to set up an elaborate organization, as had been done elsewhere, to determine and adjudicate upon the loyalty of government employees. As was indicated to the House of Commons by the Secretary of State for External Affairs (Mr. St. Laurent) on April 14, 1947 (*Hansard,* page 1993), an interdepartmental panel on security, composed of officials from departments and agencies of government, was set up some time ago to advise on the coordination of the planning, organization and execution of security measures generally which affect government departments. These measures necessarily include the devising of the best methods of carrying out inquiries concerning applicants for government employment in order to determine their suitability from a security point of view. The security panel advises on measures and methods. It does not deal with individual cases.

With regard to the so-called questionnaires, there are, of course, a number of forms used by departments for ordinary administrative purposes as a necessary part of their personnel management. In addition, forms are in use in some departments for the purpose of assembling relevant information concerning persons whose duties include work of a secret character. The use of these so-called questionnaires for security purposes is merely a means of facilitating the work of those who have to make the necessary inquiries. They are employed only for persons in positions of trust and not for the great majority of government employees. In some cases the information required can be and is obtained from departmental personnel records and from the records of the civil service commission. In other cases, the information is requested

of the employees themselves by means of questionnaires. The completion of such forms is not compulsory. They are designed to help those responsible to obtain quickly information which may be helpful in assessing the suitability of individuals for confidential employment. Incidentally, departmental practice in this respect is under review and I can assure the house that any objectionable and unnecessary features in such documents, such as questions concerning collateral relatives and any irrelevant inquiry into the private lives of individuals, will not be permitted.

The government is of the opinion that loyalty to the state of employees in positions of trust is an essential aspect of the efficient conduct of public administration. Moreover, there are certain duties of such a secret character that the state would not be justified in employing for their performance any person whose trustworthiness is in doubt.

Under the terms of the Civil Service Act and regulations, the civil service commission is required to satisfy itself as to the character and habits of persons appointed by it to government employment. These provisions do not apply to all employees or departments and agencies, nor do they relieve departments of their responsibility for satisfying themselves as to the suitability of individual employees from a security standpoint.

The particular attention of heads of departments and agencies of government has been drawn to their responsibility with respect to the reliability of employees under their charge from the security point of view. A procedure has been approved which will enable them to discharge this responsibility as a part of their normal administrative function.

This is the position of the government with respect to security in relation to government employees generally. There is, however, the special case of those who are members of or associated with the communist party. The government is satisfied, from all the evidence available, that it would be a risk to the security of the state to employ such persons in positions of trust. For this reason, and in the discharge of its primary responsibility for security, the government has decided that no person who is a member of the communist party or associated with it shall be employed in work of a secret character. I may add that the same rule applies to those associated with fascist organizations.

[Mr. Ilsley.]

DEPARTMENT OF NATIONAL DEFENCE

AMENDMENT OF ACT TO RELEASE FUNDS CONTRIBUTED AT EDUCATIONAL INSTITUTIONS

Mr. HUGUES LAPOINTE (Parliamentary Assistant to the Minister of National Defence) moved that the house go into committee to consider the following resolution:

That it is expedient to bring in a measure to amend the Department of National Defence Act to release from the consolidated revenue fund certain moneys which were contributed to contingents of the Canadian Officers Training Corps established at various educational institutions throughout Canada by the members thereof by way of assigned pay and otherwise and by other persons.

Motion agreed to and the house went into committee, Mr. Macdonald (Brantford City) in the chair.

Mr. LAPOINTE: The purpose of this resolution is merely to introduce legislation amending the Department of National Defence Act by adding a section to it under which certain moneys subscribed to and collected by Canadian Officers Training Corps contingents during the years of war for specific purposes might be released from the consolidated revenue fund and returned to these educational institutions to be used for the purpose for which they were subscribed. During the war, in most universities where C.O.T.C. contingents existed, a voluntary assignment of pay was made by members of the contingents for definite purposes such as buildings for the use of the contingents, establishment of memorial scholarships or bursaries, or such other memorial purposes. To this amount subscribed to by the members of the contingents in some instances subscriptions were made by private individuals for the same purpose. Under the Consolidation Revenue and Audit Act these sums would now be considered public moneys, and as such could not be used for the purposes for which they were subscribed without statutory authority from parliament. This legislation merely seeks to obtain authorization for these contingents to use these funds as intended.

Mr. PEARKES: Were any of these funds raised through canteens conducted by the officers training corps in the various universities?

Mr. LAPOINTE: No. None of these funds were collected through canteen funds. They were all assigned pay and public subscriptions.

Resolution reported, read the second time and concurred in. Mr. Lapointe thereupon moved to introduce Bill No. 394, to amend the Department of National Defence Act.

Motion agreed to and bill read the first time.

INSURANCE COMPANIES

AMENDMENTS TO CANADIAN AND BRITISH INSURANCE COMPANIES ACT, 1932, AND FOREIGN INSURANCE COMPANIES ACT, 1932

Hon. DOUGLAS ABBOTT (Minister of Finance) moved the second reading of Bill No. 350, to amend the Canadian and British Insurance Companies Act, 1932, and the Foreign Insurance Companies Act, 1932.

He said: Mr. Speaker, perhaps a brief word of explanation of this bill should be made.

The first purpose of the bill is to enlarge the powers of Canadian insurance companies to permit them to invest in mortgages in excess of the usual limit of 60 per cent of the appraised value, where the excess is guaranteed by the government of the province of Ontario under the authority of The Housing Development Act, 1948, passed at the last session of the Ontario legislature.

At the present time there is authority in The Canadian and British Insurance Companies Act, 1932, for making investment in so-called "excess" mortgages, but only in cases where the excess is insured by the federal housing administrator of the United States of America. The experience under this type of mortgage has been so good that it is considered justifiable to substitute a more general provision for the existing one. The new provision will enable the companies to participate in the Ontario scheme, or any similar national, provincial or state schemes in countries where they are carrying on business, and in so doing to take advantage of sound investment opportunities.

The second purpose of the bill is to enlarge to a limited extent the general investment powers of Canadian insurance companies. The steady increase in the funds to be invested by the companies has been accompanied by increasing difficulty in finding suitable investments within the prescribed classes. This problem has been the subject of discussion between representatives of the companies and officials of the department of insurance from time to time, but more extensively during the last few months. While the principle of restricting the investments of insurance companies to specified classes is unquestionably desirable, nevertheless new types of sound investments not within the prescribed classes are continually coming into existence, very often in limited amounts, and frequently the best of them are available for only a short time before being taken up by other investors—sometimes by British and foreign insurance companies possessing wider investment powers. This situation has pointed to the desirability of granting to Canadian insurance companies a small degree of freedom in their investment powers, subject always to certain general prohibitions and restrictions, and the effect of subsection 3 of section 1 of the bill is to permit relative freedom up to a limit of three per cent of a company's total assets.

When it is remembered that British insurance companies have practically one hundred per cent freedom, and that their record stands as an example to the insurance world, the proposed limit of three per cent for Canadian companies appears to be reasonable and justifiable. Another consideration pointing to a provision of this kind is that the merits of different investments within a particular class vary greatly, and while some of them may undoubtedly be first grade, it might be unsatisfactory in some cases to authorize specifically that particular class as a whole. In addition, it is becoming more difficult to prescribe satisfactory tests for certain desirable investments.

The record of Canadian insurance company management is such as to merit confidence that the additional powers here conferred will be exercised in the best interests of the policyholders. It is a minor change in the investment powers. I would not undertake to make any substantial change without a great deal more study on the part of the department of insurance to the whole question of insurance companies' investment power.

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

On section 1—Guaranteed or insured real estate mortgages.

Mr. FRASER: Will this help insurance companies to make it possible for housing to be increased throughout Ontario?

Mr. ABBOTT: Not only throughout Ontario. The main purpose is to facilitate greater investment by insurance companies in mortgages on real estate. The section, to which I made special reference, to implement the new act passed in Ontario, enables them to invest in mortgages beyond the present 60 per cent limit if these mortgages are guaranteed by the province, the state or other governmental authority.

Mr. FRASER: This will not affect in any way the security of the policyholder?

Mr. ABBOTT: Not a bit. I think it improves the policyholder's position.

Mr. HACKETT: Is the guarantee for the whole of the mortgage, or only for the excess over 60 per cent of the appraised value?

Mr. ABBOTT: I can get that information later.

Mr. HACKETT: I am satisfied.

Section agreed to.

Section 2 agreed to.

On section 3—Nature thereof.

Mr. GILLIS: When he was making his statement the minister said that this would prevent Canadian companies investing beyond three per cent of their capital or assets, and he pointed out that the British insurance companies had one hundred per cent latitude in any field in which they might wish to invest. Will this section limit the investment of British insurance companies in Canada to the same extent that Canadian companies are limited?

Mr. ABBOTT: No. This does not affect the investment powers of British insurance companies. British insurance companies doing business in Canada must conform to our requirements with respect to investments, and must deposit with the Receiver General of Canada sufficient approved securities to guarantee their underwritings in Canada. The purpose of section 3 is merely to give the minister, with the approval of treasury board, the right to approve such assets as may be placed in the trust account to secure these underwriting liabilities in Canada.

Of course we have no jurisdiction to affect the investment powers of British or foreign insurance companies. We can say what they have to put up to secure underwriting obligations in Canada. We do in fact do that, and they have to deposit in trust sufficient approved securities to guarantee their obligations here. In section 3 I am adding the words, "or such other assets as the minister, with the approval of the treasury board, may permit". It has always been the practice that the treasury board should be the body to approve the type of assets, provided they come within the limits in the act. There has been some complaint that under the restrictive provisions of section 3, as it stands, they could not even put up cash to secure their obligations here.

Section agreed to.

Bill reported, read the third time and passed.

[Mr. Abbott.]

QUEBEC SAVINGS BANKS ACT

AMENDMENT AS TO LOANS WITHOUT COLLATERAL SECURITY, ETC.

Mr. GLEASON BELZILE (Parliamentary Assistant to the Minister of Finance) moved the second reading of Bill No. 351, to amend the Quebec Savings Banks Act.

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

On section 1—Loans without collateral security.

Mr. FRASER: Will the parliamentary assistant make a statement?

Mr. BELZILE: Perhaps a brief statement would be in order so as to give the committee some information on the subject.

This bill was introduced in the senate, and it pertains to the Quebec savings banks. The Quebec savings banks are institutions operating under special charters. There are two of them, both operating in that province.

In 1846 the Montreal City and District Savings Bank was founded. Its charter was granted by the Dominion of Canada in 1871. This savings bank operates only in the city and district of Montreal, where it has its head office and twenty-five branches. It has some 300,000 depositors.

The Quebec Savings Bank, or La Banque d'Economie de Quebec, was founded in 1848. It was incorporated in 1855 by an act of the Canadian legislature, and given a dominion charter by 34 Victoria, chapter 7. The Quebec Savings Bank operates only in the city and district of Quebec where it has fourteen branches.

These two banks are real savings banks; that is, they were established for the promotion of thrift and to encourage the regular saving of small amounts. The scope of their operations is limited to receiving deposits, investing them in gilt-edged securities, and granting loans guaranteed by the same kind of securities. They do not cater to the ordinary commercial risks. A clause in their charters stipulates that they must confine their operations to the accommodation of the non-business class of depositors.

There is no service charge of any kind for the granting of loans or for the opening and maintenance of accounts, and clients may issue cheques against their accounts.

For the convenience of their clients, the offices or branches of these banks are kept open to business on week-day evenings. It has been found that the great majority of the clients of

these banks are of the working class particularly, and that they deposit small weekly or monthly amounts out of their pay cheques. It has been established that they seldom use their savings for ordinary purposes, but that, on the contrary, they will use them only in emergencies such as death, illness, or in special circumstances such as the purchase of a house, outlays for education of children, and the like.

The provisions of their charters and of the act place severe restrictions on the investments which these banks are allowed to make. Section 35, as it now stands, provides that these banks may invest moneys only in bonds, debentures, or other securities of or guaranteed by the government of Canada, or by provincial governments of Canada; in municipal bonds or debentures of school corporations in Canada, or bonds and debentures guaranteed by the United Kingdom, and so on. There is even a provision which makes it an offence and imposes a heavy penalty if the banks place money in unauthorized investments.

Section 37 provides that the banks may not lend any money upon the personal security of individuals, or to corporate bodies without collateral securities up to the amount of the loan, and these collaterals must be only certain kinds of bonds. Furthermore, the provisions of section 39 prohibit the making of a loan upon the security of real or immovable property.

The result has been that these restrictions are so great that the banks cannot actually meet the desires of their clients as to personal or mortgage loans. This bill would remedy this situation and permit the banks to make unsecured personal loans to a client, not exceeding at any time the amount of $1,000, and the aggregate amount of these loans made by the banks are not, at any time, to exceed five per cent of their deposit liabilities. It will further enable the banks to grant such loans on first mortgage on improved property, provided that such loans do not exceed sixty per cent of the value of the mortgaged property; and here again the aggregate amount of these loans shall not exceed five per cent of the deposit liabilities of the lending bank.

These powers to be conferred on these banks are not unlimited, as will be seen by the short explanation which has been given. They would be, in fact, similar to the powers of the trust companies and conform with the provisions of the civil code of the province of Quebec, section 981o, as to the administration of funds by a trustee, tutor or curator.

It has been deemed necessary to permit the enlargement of the powers of the banks in order to give them an opportunity to get their funds into more profitable circulation. These banks are well-managed institutions. Their losses have been few and far between, because they make only loans containing a minimum of risk.

The bill contains some minor amendments to bring the act into line with the Income Tax Act and with the Bank Act, and certain provisions relating to income and investment reports to be made to the Minister of Finance. But the main purpose of the bill is to empower these banks to render additional services to the public in general.

Section agreed to.

Section 2 agreed to.

On section 3—If amount reserved in excess of reasonable requirements.

Mr. HACKETT: I know the answer is that there is a similar enactment in the Bank Act, but why there should be such stringency of administration in relation to a savings bank which does no commercial business at all, and which is almost a domestic concern, is a little baffling to one who has no more information than I have. I wish the minister or his parliamentary assistant would give some other reason than that a similar provision is in the Bank Act.

Mr. BELZILE: There is a provision in the Income Tax Act to the effect that if any corporation sets aside as reserve a larger proportion of its income than is deemed necessary for the operation of the corporation, the minister may value, for income taxation purposes, the excess amount so put aside. This rule has been introduced into the Bank Act, as the hon. member knows; and I understand the intention of section 3 is to get all banks and similar institutions into line with the special provision of the Income Tax Act so that the minister may at any time, when it is apparent that an amount has been set aside in excess of that which is necessary for the operation of the institution or corporation, value the excess amount so that it will come under the income tax provisions.

Mr. HACKETT: I do not wish to pursue the argument into an unduly controversial field, but every day we see the tentacles of bureaucracy pushed further into the heart of private enterprise and business denied any final discretion in the operation of its own affairs.

I thank the hon. gentleman for telling me about the income tax. It is possible that I was aware of that, but it is not necessary that the Department of Finance arrogate to itself

the determination of what is sufficient reserve to enable the minister to collect his taxes. The Minister of Finance or the Minister of National Revenue will collect such taxes as, in the discretion of his department, may seem proper. But here we find something totally different. We find a government official determining when a surplus should cease to be a surplus, and I submit that this government official does not know. He has not the training or the experience to determine what, in the circumstances of any particular case, should be the reserve necessary for the protection and well-being of the institution. The government official is not responsible to anybody for the sufficiency of protection for the shareholders and depositors of a bank, especially a savings bank.

The other day, as a matter of policy, at the decree of the government or one of its creatures, interest rates went up and the market price of bonds fell. Institutions such as these, and others, saw their reserves impinged upon to the extent of thousands or hundreds of thousands or even millions of dollars. How helpless is the institution in the face of conditions over which it has no control; yet this act will deny an institution the right to determine what safety measures should be taken against these unknown and all-pervading influences of uncertainty and chaos.

I cannot but express my profound regret that the government has found it necessary to assume a further measure of control over a purely domestic institution, well administered, concerning which there is no control and no complaint. So far as I am concerned there is no reason for the enactment of this amendment, unless it be to enable the government further to determine what shall be, in the realm of what used to be free enterprise.

Section agreed to.

Sections 4 to 6 inclusive agreed to.

Title agreed to.

Bill reported, read the third time and passed.

CUSTOMS ACT AMENDMENT

PROVISION TO GIVE EFFECT TO UNDERTAKINGS IN GENERAL AGREEMENT ON TARIFFS AND TRADE

The house resumed from Thursday, June 3, consideration in committee of Bill No. 229, to amend the Customs Act—Mr. McCann—Mr. Macdonald (Brantford City) in the chair.

On section 5—Valuation of imports prejudicially or injuriously affecting Canadian producers.

[Mr. Hackett.]

Hon. J. J. McCANN (Minister of National Revenue): When this bill was last considered by the committee it was approved with the exception of sections 5 and 6. Section 5 seeks to amend section 43 of the Customs Act by striking out the reference to the British preferential tariff or any lower tariff. This would make the section non-discriminatory, and is in accordance with our commitments at Geneva.

Some hon. gentleman suggested that we should defer discussion of this section until after consideration of the report of the banking and commerce committee on the general agreement on tariffs and trade. That report has not yet been tabled. If that is still the feeling of the committee, the government is prepared to withdraw this section. However, I would point out—and I think this is important—that an emergency might arise in which Canadian producers or manufacturers were prejudicially or injuriously affected, and it would be desirable to have the power to impose values under this section against any country.

I would note that it relates entirely to values and not to rates. Inasmuch as the change has no material effect upon the British preferential tariff rates, the committee might give approval to the section. However, if they do not care to do so, we are ready to withdraw it.

Mr. HACKETT: I should like to express my appreciation of the careful study the minister has given these two sections; but I hope the withdrawal is not conditional upon my acceptance of the hatching of another emergency. As the minister knows, my appreciation of that pastime has been frequently announced; and even though I should be the only one to object to it, I hope he will understand my position. But I am glad this matter of the British preferential is to be allowed to remain in abeyance until we have had a further opportunity of finding out exactly what the Geneva agreement means, and have been afforded an opportunity of examining it in further detail.

The CHAIRMAN: Has the minister the consent of the committee to withdraw section 5?

Some hon. MEMBERS: Agreed.

Section 5 withdrawn.

The CHAIRMAN: Does that apply also to section 6?

Mr. McCANN: No.

On section 6—Goods exported to Canada through another country.

Mr. McCANN: When this section was last considered the senior member for Halifax, the

hon. member for Saint John-Albert and the hon. member for Cumberland expressed some concern about its effect on our Canadian ports. I should like to make it clear that in order to get the benefit of the British preferential rates it will still be necessary for goods to be shipped direct from the originating country to a sea, lake or river port of Canada. The new section simply provides that goods bona fide exported to Canada from any country, but passing in transit through another, shall, upon such terms and conditions as to shipment, documentation, warehousing, transhipment or the like as the governor in council may prescribe, be valued for duty as if they were imported from the first-mentioned country. The change by the new section gives direct statutory authority for such valuation rather than merely empowering the governor in council to make such a provision.

The terms and conditions prescribed by the governor in council under both the existing and the new section have been and would be such as are required to establish shipment from the original country destined to Canada, and preclude abuse. In other words, shipment from the original country when destined to Canada would require to be established by the documents. As a general rule, warehousing or remaining in an intermediate country for any purpose other than that of transhipment would void direct shipment from the originating country, and the new section makes no real change in the administration in this regard which has been in effect for over half a century.

The last part of section 6 makes provision for appeals to the tariff board. It consolidates authority for appeal to the tariff board from decisions by the deputy minister both in respect to tariff classifications and valuation for duty, and for further appeal to the courts from the decision of the tariff board.

Mr. ISNOR: I thank the minister for having placed his statement on the record. I am not concerned about the latter part of the section, but I am concerned about the first part which has to do with warehousing and reshipment of goods through United States or other ports. In view of the statement made by the minister I feel quite sure that no harm will be done to Canadian ports. I trust that this legislation will work in the manner in which he says it will. If this provision has been in force for fifty years I cannot see why it is necessary to include these words at this time. That is the point I made when I spoke previously on this question. Could we not carry on with the elimination of those words and continue to operate under the act as it originally stood? I think that would satisfy those who are interested in shipping through Canadian ports. I emphasize the point I made before, that I am not a lawyer, and I am willing to accept the minister's interpretation.

Mr. McCANN: This is putting into statutory form what was done previously by order in council.

Mr. FERGUSON: The minister says that this has been done for fifty years.

Mr. McCANN: It was done by order in council, and this merely puts it in statutory form.

Mr. ISNOR: Am I to understand that goods, we will say shipped from Europe, landed in New York, warehoused for perhaps twenty days and reshipped to Canada, would come in as though they had come direct?

Mr. McCANN: It would depend entirely on what was shown by the shipping documents.

Mr. ISNOR: That is just what I am afraid of. There are free ports in various sections of the world. There is one at New York, another farther south, and I believe one is in operation on the United States west coast. Goods could be shipped to one of those ports, warehoused, repacked and shipped to a Canadian port. Would they come in as they do at present?

Mr. McCANN: I am told that they would not get the benefit unless the original documents showed that they were destined for Canada.

Mr. ISNOR: I understand that at the present time only a bill of lading is necessary for a shipment from London to Montreal, or preferably to Halifax. Why should you depart from that practice and allow goods to go to a United States port and then be transhipped to a Canadian port and still receive the benefit?

Mr. McCANN: I am told that that has always been permitted.

Section agreed to.

The CHAIRMAN: That concludes the sections and I suppose it is agreeable that certain sections be renumbered?

Mr. HACKETT: That is, as a consequence of the changes?

The CHAIRMAN: Yes.

Some hon. MEMBERS: Agreed.

Mr. McCANN: Section 10 reads:

This act shall come into force on a day to be fixed by proclamation of the governor in council.

I wish to withdraw section 10.

Mr. KNOWLES: When will it come into force?

Mr. McCANN: On the day it is passed.

Mr. KNOWLES: When it is given royal assent?

Mr. McCANN: Yes.

Section 10 withdrawn.

Bill reported, read the third time and passed.

WAR PENSIONS AND ALLOWANCES

REMOVAL OF TIME LIMIT IN APPLICATION FOR CERTAIN PENSIONS

Hon. MILTON F. GREGG (Minister of Veterans Affairs) moved the second reading of Bill No. 393, to amend the Civilian War Pensions and Allowances Act.

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

On section 1—Application for disability pension to be made within one year.

Mr. HACKETT: Has the bill been printed?

Mr. FOURNIER (Hull): The bill has been printed. We have a copy here, but we have not sufficient copies for distribution. I understand the bill was introduced on the recommendation of the committee on veterans affairs. It was all threshed out in the committee. The bill is quite short and simply removes the time limit so that certain people may benefit under the terms of the act. It seems it was unanimously accepted in the committee, and we would ask the consent of the committee of the whole to proceed.

Mr. LENNARD: I think if the minister gave a short statement it would clarify the situation.

Mr. GREGG: When the house was in committee on the resolution, I made a short statement, but members of the committee on veterans affairs were in session at the time. I should like to confirm the promise given to the hon. member for Vancouver South at the committee stage, that there would be an opportunity to discuss another matter relating to the merchant marine. There will be

that opportunity under the item of the estimates which had been held over for such purposes.

This is a short amendment, Mr. Chairman. Its effect is to remove the time limit in so far as it affects applications in respect of dependents of deceased Canadian merchant seamen and salt-water fishermen. Section 7 of the act permits awards of pension in respect of death only when death was a direct result of enemy action or counter-action taken against the enemy, which includes extraordinary marine hazards occasioned by the war.

There have been a limited number of cases in which the dependents owing to illiteracy, ignorance of their statutory rights, lack of dependency at the time of death, or other reasons, failed to make application within the statutory time limit.

In view of the limitations contained in section 7, the removal of the time limit in respect of death would affect only a small number of cases and would permit of an award being made in certain cases of hardship. That is the effect of the amendment to section 1.

Section 2 repeals subsection 2 of the present section 62, and the effect of that is this. Section 59 of the act permits of awards to widows of Canadians who served as civilian air crew with the Royal Air Force Transport Command when death occurred during service as a direct result of enemy action or counter-action taken against the enemy, which includes extraordinary aerial or other hazards occasioned by the war, and the dependents are in necessitous circumstances.

The removal of the time limit is respect of death will permit of an award in a few deserving cases where the dependents, at the time of death or within one year after death, were not in necessitous circumstances but have subsequently fallen into necessitous circumstances.

It will be seen that both amendments are designed to carry out the original intent of the act and deal with the dependents of deceased persons.

Mr. CASE: Does the bill clarify disability due to enemy action?

Mr. GREGG: No, that is not touched upon at all.

Mr. PEARKES: There was a one-year time limit. Is that limit completely removed?

Mr. GREGG: No new time limit is set so far as these amendments are concerned.

The old time limit of one year stands, affecting personnel who served and who may be eligible for pension.

Mr. PEARKES: That is not dealt with in this bill?

Mr. GREGG: There is no change so far as this bill is concerned.

Mr. PEARKES: The minister referred to awards to widows of the ferry command personnel. I presume that the benefits will apply to any dependents, not merely to widows.

Mr. GREGG: Yes, any dependent who qualifies under the act. Subsection 2 of section 62 of the act which is being repealed reads:

62 (2) No pension shall be awarded under this part in respect of death unless application is made therefor within one year after the coming into force of this act or within one year after the death, whichever is the later.

Mr. ARCHIBALD: I am in favour of any further benefits that may be given to seamen or their dependents who served during the war. I should like to have seen all the benefits that are given to veterans extended also to the merchant seamen. I have in mind a young man who served in the merchant marine during the war and who, after the war, went up for his ticket as a mate only to discover that he was colour blind, which meant that his career in the merchant marine was finished for good. The future is bleak for these men who were exposed to all the hazards of service on the high seas during the war, and I should like to see further benefits given to them and to their dependents. If it cannot be done this session, I hope it will be done next session.

Mr. GREGG: In view of what the hon. member has just said, I indicated at the committee stage that the veterans affairs committee was this week completing its report in which I know a number of matters are dealt with. That report will be completed, I think, today or tomorrow. Therefore the question my hon. friend has raised should not now be opened up, but without violating the confidence of the veterans affairs committee, its chairman might be allowed to make a comment.

Mr. MUTCH: The bill before us is the result of the seventh report of the veterans affairs committee which was tabled in the house last week. This legislation embodies the recommendations which were unanimously made by that committee. At that time the committee was, and it is now, considering questions relating to the merchant seamen and the members of the R.A.F. ferry command. I understand that its report is drafted, but until it is approved and submitted to the house I submit that any discussion of the question my hon. friend has raised would be out of order. It will be in order when we come to discuss the final report of the committee, which I presume will take place on the item which has been allowed to stand over. In the meantime I can only say that this is not the final word of the committee with respect to such representations.

Section agreed to.

On section 2—Application for disability pension to be made within one year.

Mr. CASTLEDEN: I do not think it is a good principle at any time to be passing bills we have not seen, even though they may represent the unanimous view of a special committee. Would it not be possible to have copies of this bill before us by three o'clock?

Mr. MUTCH: This is a two paragraph bill. It was sent to the printer yesterday. I was able to get only four copies. The pressure of the work of the session has made it impossible to have these bills delivered in the morning. They will be here in the course of the day and will be distributed. The four copies which are available have been in circulation. I can assure the committee that there is nothing in the bill except the two clauses which in effect delete the time limit which my committee unanimously felt was objectionable and should be removed. It may not go far enough, in the opinion of some, but in effect it does one thing which we unanimously agreed should be done.

Mr. CASTLEDEN: Does this bill require that the dependents shall qualify only if they are in necessitous circumstances?

Mr. GREGG: That is according to the terms of the original act.

Mr. CASTLEDEN: That still stands?

Mr. GREGG: That still stands so far as this bill is concerned.

Mr. CASTLEDEN: Who decides whether they are necessitous under the means test?

Mr. GREGG: The decision is reached by the board of pension commissioners.

Mr. SKEY: I presume that the minister's department, or the Department of Transport, the department concerned, will immediately review the cases which have been outlawed and give advice to people who have already applied.

Mr. GREGG: Yes; the interpretation and execution of this act are carried out by the board of pension commissioners in the same

way as for all pensioners, and the board will immediately review the cases.

Section agreed to.

Title agreed to.

Bill reported, read the third time and passed.

FARM PRICES

POWERS OF AGRICULTURAL PRICES SUPPORT BOARD EXTENDED BEYOND MARCH 31, 1948

Mr. ROBERT McCUBBIN (Parliamentary Assistant to the Minister of Agriculture) moved the second reading of Bill No. 392, to amend the Agricultural Prices Support Act, 1944.

Mr. KNOWLES: Is this bill printed?

Mr. FOURNIER (Hull): Mr. Speaker, we are in the same position on this bill as we were with the bill that we have just passed.

Mr. HACKETT: How many sections?

Mr. FOURNIER (Hull): Only one section. I have handed a copy to the leader of the opposition (Mr. Bracken). The section seems so innocuous—

Some hon. MEMBERS: Read it.

Mr. FOURNIER (Hull): I shall ask the leader of the opposition to read the section in a moment. It extends the life of the Agricultural Prices Support Act, which expired on March 31, 1948. We have no other way but to proceed with this special legislation to extend the life of the act. I think there is no objection to it.

Mr. KNOWLES: Have you taken the leader of the opposition into the cabinet?

Mr. JOHN BRACKEN (Leader of the Opposition): I shall be glad to read the clause, but before I do so I think I should read a lecture to the government. This house should not be asked to pass the second reading of a bill without having seen it.

Some hon. MEMBERS: Hear, hear.

Mr. BRACKEN: Certainly at this stage of any session a bill with only one clause in it, a bill that the government has known must come before parliament, should not be proceeded with until copies are available to all hon. members.

The minister said that it is a short bill. That is true, but hon. members do not know the exact terms of the amendment, and until they know that, they are in no position to discuss the matter intelligently. The measure is a simple one, and I am not now raising this objection on the merits of the bill. I do it as a matter of principle of procedure. I want

to say to the government now that in the future we shall expect to have these bills distributed before we are asked to proceed with second reading.

Mr. KNOWLES: Your lecture is having effect; copies of the bill are being distributed now.

Mr. BRACKEN: The minister has been very courteous to me in dealing with all these matters in the past. I am sure there was no discourtesy intended here; but with all respect I suggest that this house and the minister should not be put in the position of asking hon. members on this side to accept these measures without having seen them. We ought not to have to speak in this way to the government.

I want to speak briefly now on the bill itself. Its purpose is to extend the powers of what is popularly known as the Agricultural Prices Support Act, an act which is technically described as an act for the support of prices of agricultural products during the transition from war to peace.

Hon. members will recall that early in the war the government established the policy of fixing ceiling prices for agricultural products. I think it was in 1943 that we took the position, and I emphasized it time and time again, that if we were to have ceiling prices established on agricultural products to prevent prices going up at a time when they would otherwise go up, we should have a policy of establishing floor prices to prevent agricultural prices going away down in times when conditions might otherwise drive them down.

In the following year, 1944, this measure was brought in. It is in effect, as well as in name, a transitional measure, a temporary measure. That certainly was not my intention or our intention then or now. What is needed is a measure that remains in effect, not for any transitional period which the government itself may determine, but for an unfixed period as a matter of permanent policy. That is my main criticism of the bill. The bill does not provide a permanent policy.

As I have said, it is specifically set out in the title to the act that it is only for the transition period from war to peace. Mr. Speaker, the war has been over now for three years. How long is this transition period to continue? If the government is serious about having a floor price policy beyond the immediate or the near future, we should not be extending from time to time a transitional measure. It should be made a permanent policy.

With respect to the merits of this measure, the government, or members of the government, do a lot of talking about floor prices. Yet in effect, what their policy is doing is

maintaining ceiling prices. What is the use of talking about floor prices when prices are high? They are using this and other measures not for the purpose of floor prices but for the purpose of preventing farm prices going up. They let nearly everything else go up in price, but indirectly, and in some cases directly, they are preventing farm prices from following the general trend.

This is called an Agricultural Prices Support Act. What the government is doing is keeping farm prices down, not supporting them. One does not need to go far for an illustration. The wheat board is being used for that very purpose. It was built up as a marketing institution for the benefit of producers, and it is now being used by the government, not for that purpose, but to carry a policy of government to part of the price control principle of keeping farm prices from following the normal trend under these conditions.

I have just three comments to make on the measure. The first I have referred to. It is a transitional measure and not a permanent measure. When the impression is left, as it is commonly left with the people of the country, that we have a permanent floor price policy, we are only inviting criticism, doubt and cynicism on the part of the public when we continue to deal with measures from time to time in this manner.

The second point is this. By following policies of the general character of this measure, the government has failed to lay the basis for a permanent policy to provide equitable prices for farmers in the future. They had an opportunity and they lost it. There was a time, and it is with us still, when there was a great demand for wheat, a demand which made the price much higher than it had been in the past. Instead of allowing our wheat to sell at what it was worth, the government required it to be sold at much less. Had the government allowed it to be sold at what it was worth, had they allowed the farmers to receive for it an equitable, a parity, a fair price, the balance being set aside as a reserve, that reserve would have been sufficient to supplement low prices later on for ten or twenty years.

Various figures have been suggested as to what has been lost by the wheat deal with Britain. Some put it at $300 million in two years, and others suggest a higher amount. If we had been allowed to take the world price for this commodity, and if the farmers had been allowed to receive from that high figure a fair price for it now, the balance to be used as a measure to supplement prices when they might be low later on, we could have laid a permanent basis for equitable prices for our farmers for years to come.

As it is, we have kept the price of wheat down, and because the price of wheat has been kept down, coarse grains have been down, and because coarse grains were down livestock prices were kept down indirectly. Because of such policies, we have been denied the right to sell our livestock in the United States. And that brings me to the third point.

The government is now further destroying the confidence of the public in itself and in government generally, by its action with respect to livestock. Across the line to the south the price of beef cattle is 10, 12 and 14 cents per pound higher than it is here. We are denied that market as a matter of government policy, and yet the Minister of Agriculture comes along and leaves the impression that we are going to be allowed to get into that market. He leaves the impression that the embargo is to be removed. He leaves that impression but the government takes no action; and when that impression is left what happens? The farmers hold back stock, expecting a higher price for it. I do not say that they all do, but they can do it, and it looks as if it has been done. They can hold back stock, and the price of meat goes up, and now we have the consumer facing rising meat prices because of that intimation that the embargo would be removed and that prices would go up. The consumers are facing these rising prices at home, and yet we are denied the United States market for that product.

As I said yesterday on another matter, we are getting the worst of two worlds; the embargo has not been removed and yet we have rising prices at home. I will take just a moment or two to read an extract from a western paper showing the reaction to policies of this kind. The Winnipeg *Tribune* of June 18 states:

> Over the week end Winnipeg housewives and restaurant keepers had a hollow feeling in their stomachs as they watched the price of various cuts of beef shoot up as much as 18 cents a pound. Naturally they were wondering why meat should suddenly jump in price at a time of year when prices usually decline.

I need not read the whole of the article. After referring to the speech of the minister, that the embargo was likely to be removed, and in view of the fact that it was not removed, the newspaper continues:

> The natural reaction of livestock producers to this sort of thing was to withhold their cattle from market. Why shouldn't they, when they

have almost official assurance that they can make money by doing so? The scarcity of offerings on the livestock markets was thus reflected in higher prices in the butcher shops.

And now we have the report this morning that there was difficulty in the livestock yards at Toronto. Apparently housewives are not buying much meat with these rising prices, and so meat accumulates in the storehouse and cattle coming to market are not sold, because the government has not been frank with the Canadian people with respect to this matter. If the embargo is to be removed, it should be removed and everyone should know what is going to be done. If it is not to be removed, the impression should not be left that it will be removed, with all these unsatisfactory reactions following.

As I said, this is a transitional, temporary measure. There is no excuse for leaving it in that way. It is still being left so that the governor in council may determine how long it may exist. The government should not ask us to approve that position. We are willing to make this a permanent measure. I cannot speak for every section of the house, but I imagine that on this matter I would be expressing their views and, I would think, the views of hon. members opposite as well. Why therefore leave it as a transitional measure? Why leave it in the hands of the governor in council to determine how long it will continue? Why not make it a permanent policy and be done with it?

Having said that, let me add that half a loaf is better than no bread. Of course this measure will be supported and passed. My criticism is that the government is not fair even to itself in bringing forward a measure of this kind if it is serious about a floor-price policy—and I do not suggest that it is not serious. Dealing with matters in this way, however, leaves it open for people to question whether it is serious or not.

Mr. E. G. McCULLOUGH (Assiniboia): Mr. Speaker, the subject before us is the second reading of a bill to amend the Agricultural Prices Support Act of 1944. It is unfortunate that this bill, which came up for first reading in April of this year, comes down to the house now at this late date. I support the bill because it is one part of a policy to give stability to our agricultural producers; but in my opinion it is unfortunate that it is not properly integrated with other types of policies in order to provide the measure of stability that should prevail in agriculture. In order to have a workable plan, even under this act, it is necessary to integrate that policy with a policy of stability in agriculture, namely, parity prices. In order to do that we would have to establish a parity by which our agricultural producers would get a fair price for their products, thus giving them a decent standard of living. Having established that base parity, we would have to arrive at a formula under which, when the costs of agriculture increased in the various productive fields, we would increase the parity price so that our producers would be able to get out of their produce the money with which to buy back enough goods to preserve a proper balance with the base period. It is unfortunate that we have not used the Agricultural Prices Support Act in order to do that.

I had an order for return in the house on February 25, 1948. My question was:

1. How much has been spent under the agriculture support act since it was passed in 1944?
2. For what purposes, and to what amount, has this act been invoked?

The answer to the first question was that only $807,618.90 has been spent, and of that amount, $75,212.23 has been spent on administration; that $109,305.18 has been spent to cover operating losses of the meat board, the dairy products board and the special products board with respect to overseas contracts for 1946-47; that $123,101.49 has been spent for price support in respect of the 1946 potato crop in the eastern provinces, and that $500,000 has been spent for price support in respect of the 1947 apple crop in Nova Scotia.

I quite agree with the expenditure of those moneys in order to try to bring some form of parity to the producers in those fields and alleviate some of the distress that was occasioned in marketing those products. But I want to bring to the attention of the government some of the submissions which have been made on behalf of agriculture in the last two years.

In 1947 the United Farmers of Canada and the Alberta Farmers' Union presented a brief to the Minister of Agriculture (Mr. Gardiner). I may say that they speak on behalf of the agriculture groups in the country. One of the recommendations contained in that brief was that the foreword of the act we are now discussing should be changed to read, "An act for the support of the prices of agricultural products." I maintain that the act as it is now constituted does not meet the needs of agriculture. In other words it must be extended in its use in order that moneys may be used from the public treasury so that we can have parity in this country.

Yesterday we passed a resolution to ratify the international wheat agreement. That is one form of trying to get world peace—agreement so that we can have a flow of agricultural products from Canada to overseas importers or consumers. We have also passed

the United Kingdom wheat agreement, with which I am in accord; because as a producer and as a member of the House of Commons I recognize the fact that, until we give stability to agricultural producers in this country, we cannot have any stability whatsoever in our economy at large.

Since agriculture is a basic industry, it is essential that one of the first things to do is to give to our agricultural producers the stability as a result of which they will not experience the booms and busts they have experienced in the past. I am in agreement with the recommendations of the United Farmers of Canada and the Alberta Farmers' Union with respect to their recommendations to the government that this act be extended and called "An act for the support of the prices of agricultural products."

With regard to section 1, they recommend that it read:

This act may be cited as the Agricultural Parity Prices Act, 1944, amended 1947.

They go on further to recommend an amendment to section 3 to read as follows:

There shall be an agricultural parity prices board under the direction of the minister consisting of five members including a chairman and a vice-chairman to be appointed by the governor in council and who shall hold office during pleasure.

They recommend an amendment to section 9 of the act to read as follows:

The board shall be empowered to recommend a price change in regard to wheat to maintain a parity balance between agricultural prices and the cost of goods and services that agricultural producers must purchase or pay for. None of the consolidated revenue fund named in this act shall however be used for the purpose of adjusting wheat prices.

I could read all the recommendations, but since they have been tendered to the government I do not think I need do so at this time. Let me say, however, that in a further memorandum to the government in March of this year the interprovincial farmers' union council recommended to the government that a fact finding board be set up—

—to determine price parity on agricultural products in line with goods and services which enter into production and living cost and that the changes necessary toward that end in the Agricultural Prices Support Act be passed at the present session of parliament.

I am most unhappy about the fact that the government has failed to follow up the recommendation of this large body representing agriculture in Canada. In their brief they outlined the facts of the increased cost to agricultural producers. We in western Canada today are faced with an increase in the cost of fuel. I may say that we have in the two provinces of Saskatchewan and Alberta about 237,000 tractors. The cost of our oil and fuel with which to operate those tractors amounts to about $6,000,000 per annum. Since our cost of production has gone up so enormously it can be seen that we need increased prices, rather than the prices established under the United Kingdom agreement, so that we can operate efficiently and profitably. Our costs of production have gone up—labour costs as well as fuel costs; the cost of farm machinery has gone up owing to the increase in freight rates, and there has been an increase in the cost of farm machinery itself. We are in a precarious position.

I think the parliamentary assistant to the Minister of Agriculture will understand that if we are to have a healthy state of agriculture in this country, we must keep our agricultural producers in a state of prosperity; if that were done, I think it would be reflected in our whole economy.

In conclusion I repeat that I am greatly disappointed that the government has not seen fit to carry out the recommendations of the large body of farmers represented by the United Farmers of Canada and the Alberta Farmers' Union. I am in full accord with their representations to the government. I think the government should use this act as a permanent part of their stabilizing policy for agriculture. I lament the fact that only a small amount has been used for this purpose in the past; the fund should be used to give stability to the prices of the various products produced by agriculture.

Mr. JULIAN H. FERGUSON (Simcoe North): In support of my leader's statement this morning in reference to the beef situation in Canada, and in view of the ever-increasing cost of living, I should like to refer to the fact that a few government supporters have gone to their cabinet ministers and the Prime Minister (Mr. Mackenzie King) suggesting that democracy should not be fooled with any longer. Certainly the great majority of the people of this country are clamouring for democracy rather than socialism, and they should not be led astray any longer. They believe democracy is the right form of government as compared with socialism; but now we have the confusion caused by the indecision of the cabinet ministers with respect to the price of beef in this country; we have beef being held back, and as a result the cost of living keeps going up.

The situation is similar to that with respect to the excise tax imposed upon the people of this country by the Minister of Finance (Mr. Abbott). Now the people

have to guess when it will be removed, or how much of it will be removed, and we have the retail merchants asking the question: Are we going to be compelled to absorb losses amounting to thousands of dollars in order to pay for this experiment? At the same time we have the wholesale meat dealer wrestling with the question whether or not our cattle will be exported to the United States.

In all fairness, and with all sympathy for the members of the Liberal party, I hope they will go to their cabinet ministers in greater numbers and suggest that the people of Canada learn once and for all, without further nonsense, whether beef is going to be exported, so that we can finally arrive at the price the consumer will have to pay. At the same time let us know whether the excise tax is to be removed, so that we may know what we must pay for other commodities. When that is done, democracy will begin to function again and socialism will be a thing of the past.

Mr. VICTOR QUELCH (Acadia): After what the last speaker has said, I want to make it perfectly clear that in supporting this bill I do not consider that I am supporting socialism. I look upon this as a measure which is required in order to give fair play and justice to the primary producers of this country. The secondary industries in Canada, as in all countries, have always been in a position to set their prices high enough to return the cost of production plus a fair profit. The primary producers have never been in that position. They have always had to take whatever prices the trade wished to pay them, with a complete disregard for what it might have cost to produce the goods.

The Agricultural Prices Support Act was introduced in 1944, as has been stated already, as a temporary measure to assist in the transition from war to peace. From time to time various farm organizations have urged upon the government the desirability of making this a permanent measure. Strangely enough, at one time in this session I was laying emphasis on the fact that this measure should be made permanent, and the Minister of Agriculture (Mr. Gardiner) interjected that as far as he was concerned there was nothing in the measure which would indicate that it was not permanent. Apparently the government does not agree with him, however, because the government has found it necessary to bring down this amendment.

One reason why it is essential to maintain a measure of this kind in this country is the fact that for the past eight years the farmers have been accepting prices lower than they could have obtained had it not been for certain government controls. The Minister of Agriculture pointed out that they had been taking these lower prices for eight years, and that in return they had been promised that prices would be stabilized. As a result the government has been trying to stabilize prices, and it has promised that stabilized prices will be maintained in future.

Just what do we mean by stabilized prices, and does this act go far enough in establishing a basis for prices of that kind? Subsection 2 of section 9 of the act states:

> In prescribing prices under paragraphs (a) and (c) of subsection one of this section, the board shall endeavour to ensure adequate and stable returns for agriculture by promoting orderly adjustment from war to peace conditions and shall endeavour to secure a fair relationship between the returns from agriculture and those from other occupations.

If that is the basis on which the government is to proceed, I do not think there will be any criticism from agriculture. In other words, under this act it is the duty of the government to see that a fair relationship is maintained between the prices of agricultural products and the prices of the products of other industries. Under this act, in reality the farmers are guaranteed a parity price; but whether or not that is the interpretation the government will place upon this section in the future remains to be seen, because as yet we have not met a serious situation requiring action on the part of the government. That is so as far as the prairie farmers are concerned, though it may not be strictly true of other parts of the country, particularly those concerned with the production of potatoes and apples. But it is very necessary that parity prices be maintained in future in order that the farmers may obtain their fair share of the national income.

The main objection I have to the amendment now before the house is that it continues the act merely as a temporary measure, subject to action by the governor in council. Thus we may have a repetition of what has happened already this year. We may not be aware of it, but we may find one day that section 9 has been taken out of operation by proclamation. We would like to see the legislation made permanent.

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

On section 1—Section 9 continued in force.

Mr. CASTLEDEN: One o'clock.

The CHAIRMAN: There are only three sections in the bill. Does the committee wish to consider it before one o'clock?

Mr. CASTLEDEN: I have a number of questions to ask.

Mr. ROSS (Souris): What objection has the department or the government to making this legislation permanent rather than a transitional measure? That is the issue across the country today; it is only a transitional measure. As my leader has said, it is three years since the war ended, yet we still have these temporary transitional measures. The people have great fear of the future; and if this legislation were made permanent it would do a great deal to stabilize agriculture by giving some assistance to the producers throughout the country. I could say a great deal more at this time, but I believe the country is entitled to some explanation from the parliamentary assistant, on behalf of the government, on this most important issue.

Some hon. MEMBERS: One o'clock.

Mr. McCUBBIN: Do hon. gentlemen wish to go ahead and discuss this bill? I can go on with it, if that is their wish. No one is more strongly in support of stabilizing agriculture than this government, but at future sessions there will be plenty of opportunity to discuss the matter further. For the present we are going to extend its operation for a period of two years, and at the end of that time we can make the legislation permanent or otherwise as may be considered desirable.

Mr. CASTLEDEN: Is there anything that could be put into this bill which would prevent such a debacle as occurred last year in connection with coarse grains? As the parliamentary assistant knows, last fall the prices of coarse grains were stabilized, and the farmers delivered their coarse grains at those low prices. On October 21 the government announced the withdrawal of subsidies. After the farmers had delivered large quantities of their oats and barley—barley deliveries at that time were about 39,000,000 bushels and oats almost the same—and the subsidy had been taken off, the open market handling of coarse grains permitted a manipulation and prices went up about 30 cents on oats and 40 cents on barley. The result was that the feed companies who bought up coarse grains were able to purchase at a low price and then sell them to western farmer feeders at a higher price. Naturally this had a reaction upon the cost of living all along the line.

At one o'clock the committee took recess.

The committee resumed at three o'clock.

Mr. CASTLEDEN: Before the luncheon recess I was asking whether the action of the government last year in removing the subsidy did not permit the feed and grain companies in the west who bought the farmers' feed to make an extra profit and prevent the farmers who delivered their coarse grains before October 21 from getting the full price for their product.

This is a bill to guarantee to the farmers a maximum price. The action of the government prevented the farmers from getting the money for which their product was actually sold to the feeders in eastern Canada. It also had the effect of increasing the cost of living all across the board for consumers in Canada because the price of milk, butter, eggs and meat went up. Not only did the farmers, who delivered their grain prior to October 21, lose, but the consuming public also lost through an increase in the cost of living caused by the removal of the subsidy. Can this bill not be made to provide against a recurrence of such a situation, and what redress is contemplated for the farmers who lost money by this action of the government?

Mr. McCUBBIN: Unless ceilings were reimposed it would not be necessary to do anything. As to reimbursing the farmers, the hon. member knows that some companies have already helped the farmers and I have no doubt that more of them will. This bill is for the purpose of stabilizing the price of farm products, and the wheat board is under instructions from the Minister of Trade and Commerce to set a fair price for oats and barley, No. 1 feed, f.o.b. Fort William. The price is 96 cents and a fraction for barley, and 65 cents for oats. I think that will have a stabilizing effect on the coarse grain industry in western Canada.

Mr. CASTLEDEN: Has any decision been made by the government about reimbursing the farmers for the loss they sustained by the action of the government?

Mr. McCUBBIN: That is a matter of government policy over which I have no control. The government's policy will be announced at the proper time.

Mr. CASTLEDEN: It was announced over the radio that the Minister of Agriculture had stated in Saskatchewan that the government would reimburse the farmers.

The DEPUTY CHAIRMAN: Order. I do not think the hon. gentleman is in order in discussing that on this clause.

Mr. McCULLOUGH (Assiniboia): The Moose Jaw *Times-Herald* of Saturday, June 19, carries this item:

Mr. Gardiner told his audience the farmers would not lose $210 million on coarse grains. He said he had recommended the federal government pay 6 cents a bushel on oats and 12 cents on barley. He expected the latter would be cut to 11 cents, however, as the wheat pool was paying 16 cents.

The DEPUTY CHAIRMAN: Order. The hon. member is out of order in discussing that question on this clause.

Mr. McCULLOUGH (Assiniboia): With all deference to your ruling, Mr. Chairman, this bill is to amend the Agricultural Prices Support Act, and here we have a statement by the Minister of Agriculture that certain payments will be made by the government to the farmers who lost a huge sum of money during the debacle last October. I am asking the parliamentary assistant whether funds will be used under this act to reimburse the farmers for that loss. I think that is a fair question, and that I am entitled to an answer. The parliamentary assistant has said that the grain companies are paying part of that loss, and I understand that the wheat pools have made certain payments. I also recall that the former member for Rosthern, Mr. Tucker, flew to Ottawa from Saskatchewan and stated that he was going to ask the government to give such assistance. I think payment could be made under this act. If not, out of what fund would it come? We should have a statement on that point from the government before the end of the session.

Mr. McCUBBIN: I do not think payments could be made under this act in respect of coarse grains. They might be made in some other way.

Mr. McCULLOUGH (Assiniboia): How could they be made?

Mr. McCUBBIN: I am not in a position to answer that.

Mr. CASTLEDEN: If such a payment is made, would it not be tantamount to taking public funds to subsidize the profits made by the grain exchange through the handling of coarse grains last fall? They are the only people who made money on it.

The DEPUTY CHAIRMAN: I must ask hon. members not to carry on this debate on the clause now before the committee, because in my opinion it is out of order.

Mr. CASTLEDEN: The money would not come out of this fund?

Mr. McCUBBIN: No.

[The Deputy Chairman.]

Mr. ROSS (Souris): It is evident that the Minister of Agriculture and his parliamentary assistant should get together on this question of reimbursing the farmers. Before the luncheon recess I asked the parliamentary assistant why this legislation was not made permanent instead of transitional, but I did not get a satisfactory answer. Section 1 of the bill reads:

Section 9 of the Agricultural Prices Support Act, 1944, chapter 29 of the statutes of 1944-45, shall be deemed to have continued in force from the 31st day of March, 1948, until the coming into force of this act and shall continue in force thereafter for such further period as the governor in council may fix by proclamation.

I protest as strongly as I can against temporary legislation of this type, now that the war has been over for more than two years and we are again in a time of peace. The government should decide either to continue this measure permanently, or to repeal it. What our farmers are complaining about is that they get no permanent policy, no lead from the government, no encouragement. Take for example, the cattle situation, about which the hon. member for Brant read a telegram this morning. It is difficult for many heads of households to procure a proper meat diet for their families. Two years ago the minister of agriculture in Manitoba and the beef producers association of the prairie provinces presented a brief to the Department of Agriculture at Ottawa, asking that the producers be allowed to ship their cattle to the most natural market in the world, the United States, that they be paid the prevailing price in Canada, that the difference between that price and the price in the United States be pooled in a central fund, that records be kept of the cattle marketed, and that a distribution be subsequently made from that fund to the producers in this country. What better safeguard than that could you have for the consuming public of Canada? The government had that placed before them by the producers, by the provincial ministers of agriculture and others over two years ago. I have brought the matter up on the agricultural estimates at each succeeding session, and the government have refused to tackle the matter on that basis. A situation is being created in this country under which some of the producers may be holding their cattle off the market. On the other hand we have a buyer's strike being advocated in this country. Housewives are organizing not to purchase meat at present prices. It is a very serious situation in a country such as this, at at time so long after the termination of the war. I am sure that it will be greatly aggravated.

On May 7 the minister pointed out on the agriculture estimates that while the embargo

had been imposed in 1942, it was done as a matter of price control and had been handled by the Department of Finance up to that time, May 7.

The DEPUTY CHAIRMAN: Order.

Mr. ROSS (Souris): On May 7 it was transferred back to the Department of Agriculture.

The DEPUTY CHAIRMAN: The hon. member is wandering far afield from this item.

Mr. ROSS (Souris): Is beef no longer an agricultural product, Mr. Chairman?

The DEPUTY CHAIRMAN: This is a bill to amend the Agricultural Prices Support Act, 1944, which is a different thing from what the hon. member is discussing.

Mr. ROSS (Souris): Would the chairman mind telling me what it covers and what I can discuss?

The DEPUTY CHAIRMAN: The sum of $200 million has been voted to support agricultural prices.

Mr. ROSS (Souris): What does it include? What are the agricultural products that can be discussed under this section? I am convinced, Mr. Chairman, that if you read the original act you will see that it provides for all agricultural products other than wheat. If I am wrong, I stand to be corrected. The act states:

> In this act and any regulation hereunder, unless the context otherwise requires: (a) "agricultural products" means any natural product of agriculture except wheat, designated by the governor in council, and includes processed meat, dairy and poultry products, if so designated.

The act goes on and describes the powers, and so on.

The DEPUTY CHAIRMAN: I would ask the hon. member to read that part of the act which deals with embargoes.

Mr. ROSS (Souris): After all, I am talking about marketing.

The DEPUTY CHAIRMAN: I would ask the hon. member to read the section which deals with embargoes or the lifting of embargoes. It does not come under this at all.

Mr. ROSS (Souris): Mr. Chairman, you are drawing a pretty tight line in your interpretation of the original act. Certainly that is my understanding of the matter.

Mr. FOURNIER (Hull): On a point of order, this amendment to the act has only one object, namely, to extend the life of the act. It does not ask for the reopening of all the sections of the Agricultural Prices Support Act, 1944. What we are asking is to rectify, I would not say a mistake, but a wrong interpretation of the 1944 statute. We are asking that the life of the act be extended, and nothing else. I always thought that in committee the discussion should be relevant to the item under consideration. I submit, Mr. Chairman, that hon. members can discuss the pros and cons of extending the act, but I cannot see how full debate on the act itself can be permitted.

Mr. ROSS (Souris): That was the very point I was endeavouring to make. I read the section. I was pointing out as strongly as I could my objection to this type of legislation being put into effect by order in council.

Mr. FOURNIER (Hull): Is the hon. member in favour of this amendment?

Mr. ROSS (Souris): Yes, but I would rather have it in statutory form.

Mr. FOURNIER (Hull): If the hon. member is in favour of the amendment, and he has his reasons for being in favour of it, I cannot see why he is discussing the whole act.

Mr. ROSS (Souris): I am not satisfied with the amendment as proposed. This amendment to the act depends for its life upon an order in council. The government may carry it on, or nullify it, as it sees fit. I do not believe in that type of legislation in peace time.

Mr. FOURNIER (Hull): We are not seeking to change the act at all. The only thing we are asking parliament is, does it wish to have this act in force for a further period? That is the whole question that is before the committee. I am surprised at the discussion which has taken place, when every member who has spoken up to now has said that he was in favour of extending the life of this act.

Mr. CRUICKSHANK: May I speak to the point of order? I, too, represent a rural riding, and for once I am in accord with the Minister of Public Works. I cannot see the consistency of the argument of the hon. member for Souris. This is the very thing that the farmers want. They want the act extended.

Mr. ROSS (Souris): By statute, or by order in council?

Mr. CRUICKSHANK: This is a bill; it is not an order in council, or else I am mistaken. I think every farm member should vote in favour of it.

Mr. ROSS (Souris): Mr. Chairman—

The DEPUTY CHAIRMAN: Will the hon. member be kind enough to deal with the clause

as it is? After all, speeches in committee must be strictly relevant to the clause under consideration.

Mr. ROSS (Souris): My objection all through has been not to the method embodied in this legislation, but to the manner in which it is handled. It was set forth in 1944 that it was to be only a transitional measure. When does the transitional period expire? That is the point. We are continuing to deal with this matter by order in council. I was citing one of the situations which is alarming in this country today, and how it came about. I refer to the marketing of beef cattle. I will not discuss it any further. The producers know why this situation has been brought about, and why thousands of cattle are at a standstill in the Toronto yards this morning, and the same thing may apply in all of the yards across Canada. It has come about as a result of this government's legislation. I am discussing embargoes. I presume that if I gave some of the reasons that enter into the cost of agricultural production I might be ruled out of order, but these are closely tied up with the present situation. On the orders of the day today we had a question raised on the excise taxes. That all enters into the cost of production.

The DEPUTY CHAIRMAN: What is before the committee is a clause amending section 9 of the Agricultural Products Act 1944, chapter 29 of the statutes of 1944-45. It says that that section shall be deemed to have continued in force from the thirty-first day of March, 1948, until the coming into force of this act, and shall continue in force thereafter for such further period as the governor in council may fix by proclamation. That is what is before the committee.

Mr. KNOWLES: I should like to say a word on the point of order. I hesitate to say something that might have the effect of prolonging the debate, but it does seem to me that you, sir, should consider what section 9 is that this bill proposes to extend. I admit that the hon. member for Souris is getting beyond the powers contained in section 9 when he talks about embargoes, but not very far beyond it.

Mr. ROSS (Souris): It is the real cause of the difficulties in meat.

Mr. KNOWLES: Section 9 has two subsections, and subsection 1 has paragraphs (a), (b), (c), (d), (e), (f), (g), (h), (i), and (j). These are listed under powers of the board. In fact, if one looks through the act he finds that the meat of it is right there in section 9. The other sections constitute the board and

[The Deputy Chairman.]

arrange for their salaries, oaths of office and so on. Section 9 gives the board power to set prices at which the board may purchase agricultural products, power to pay the difference between the set price and what the farmers are getting, power to sell or otherwise dispose of agricultural products purchased by the board, power to purchase, and so on. With the other members of this group I am wholly in support of this act. We should like to see it made permanent. I agree with the Minister of Public Works that if we are all for it, the discussion seems to be unnecessary. My only point of order is that though it may be unnecessary, surely it is in order. Perhaps if we can agree that it is in order, the discussion would end sooner than if we all quarrel about the point of order.

Mr. FOURNIER (Hull): Perhaps I did not make myself clear. The purpose of the amendment is to extend the life of section 9. We are not seeking to amend that section, to increase or decrease the powers contained therein.

Mr. ROWE: Why extend it?

Mr. FOURNIER (Hull): Your leader saw good reasons why we should extend it; he made a speech this morning, but the hon. gentleman was not here. All we are asking is this: Is this house in favour of extending these powers? We are not asking that they be changed, and all discussion on this item, I respectfully submit, should be relevant to the amendment brought in by the minister. If we were seeking to amend section 9 to vary the powers contained therein, this discussion would be wide open, but that is not the object of the amendment.

Mr. ROSS (Souris): I take it I am not in order in discussing the cost of agricultural production, or anything of the kind, which might lead to the necessity for this act.

The DEPUTY CHAIRMAN: The purpose of the bill is simply to continue in force section 9 of the Agricultural Prices Support Act, 1944. It is to extend the time.

Mr. ROSS (Souris): I take it from your ruling, Mr. Chairman, and from the opinions expressed by the Minister of Public Works and others on the government side, that this extension does not mean very much. I wish to ask the parliamentary assistant whether it is a fact that this act comes into being only by order in council, and whether it can be nullified at any time by order in council without reference to parliament. I should like to get the answer to that question.

Mr. McCUBBIN: Once the governor in council decides under the act the length of time to which it shall extend, it will extend for that period. If the time decided upon is two years, it will run for that period.

Mr. FAIR: Mr. Chairman, did I understand the parliamentary assistant to say, just before the luncheon recess, that the government intends to keep the act in effect for a period of two years?

Mr. McCUBBIN: It is not necessary. Before, it was for a period of two years, but it is not necessary this time. It may or may not be two years.

Mr. QUELCH: It may be longer.

Mr. McCUBBIN: It may be longer or shorter.

Mr. FAIR: If it is longer than the government think, and if they intend to do anything about making it permanent, it might be a good idea to move in the very near future.

Mr. HACKETT: I wish to say a few words on the purport of this bill, which is to amend the Agricultural Prices Support Act of 1944.

By section 12 of the act of 1944 it was provided that section 9 of the act should come into force on a date to be fixed, and remain in force for such period as might be determined by proclamation of the governor in council published in the *Canada Gazette*.

I am not enthusiastic about the type of economy that is spelled out in this act, but I am speaking on another point at the moment. Following the provisions of section 12 of the act, a proclamation dated the first day of April, 1946, brought the act into force for a period of two years. A further proclamation was authorized by order in council dated March 25, 1948. The Department of Agriculture was then advised by the Department of Justice that the order in council was ultra vires and that the act could be continued only by an act of parliament. We are now asked to pass an enabling act which confers upon the governor in council the prerogative of determining how long this act shall remain in force —and when I say "this act", I refer to section 9 of the act, which is the essence and the body of the Agricultural Prices Support Act.

It means that this type of legislation is subject to the whim and caprice of the minister and those about him, with the result that there is no certainty about the legislation as it affects prices of commodities covered by the act.

It may be objected that there was no great certainty in a competitive market, but at that time everybody was subject to a rule which is as old as time, the rule of supply and demand. Under this enactment it is open to the government absolutely to ruin farmers in some sections of the country, as the dairy farmers in the eastern townships have been ruined, by precluding them from getting for butter a price which they were forced to demand by reason of the cost of labour and of feed. The result is that we have a shortage of butter, which is having a deleterious effect upon the health of the community, and is bringing about, in an agricultural and dairy country like ours, the necessity of importing this commodity from far lands.

The chairman appears to be a little uneasy. Possibly he is questioning whether I am speaking to the point, but I beg his attention and submit that we are asked today to enact legislation which covers all the points that were raised by the hon. member for Souris. We are today exactly in the position we were in when the act was first introduced into the house. It is open to us to discuss every aspect, every paragraph, every condition, every possibility which may arise under the act, because today, according to the government itself, there is no such act. The attempt further to enforce it by order in council was found by the Department of Justice to be in excess of the powers conferred by the act.

This house is asked to continue the manipulation of prices by the government. The war has been over for three years. Many specifics have been resorted to, to keep prices low, and what has been the result? Scarcity, high prices driving the people from the land into the cities, inadequate housing in the cities, and a whole series of maladies resulting from lack of equilibrium and lack of order, which necessarily follow from controls exercised by people who are not familiar with the aspect of life which they are attempting to control.

Added to all of that is the uncertainty of the enactment. Nobody knows what may be done at a propitious moment on the eve of an election, or in the heat of an election campaign. There is nothing to prevent the passing of an order in council which will create great inducements for any locality to support the administration.

Mr. FOURNIER (Hull): May I ask the hon. gentleman a question?

Mr. HACKETT: Yes.

Mr. FOURNIER (Hull): I am always looking at that first section which is being considered by the committee. Will the hon. gentleman tell me what would happen if the committee voted down section 1 of the bill?

Mr. HACKETT: I did not hear the question.

Mr. FOURNIER (Hull): I am asking the hon. gentleman to tell me what would happen if the committee turned down this section 1.

Mr. HACKETT: Nothing would happen, because according to the judgment of the Department of Justice the act died some months ago. We would get back to the one specific which the government has failed so far to apply, that of letting people manage their own business and charge for commodities prices that the markets will yield in the ordinary course of business.

Mr. ROSS (Souris): This is just political eyewash, Mr. Chairman.

Mr. FOURNIER (Hull): The hon. member is taking the stand that this act does not exist at the moment.

Mr. ROWE: You said it did not.

Mr. FOURNIER (Hull): We all know that by order in council we prolonged the life of the act. We were advised that we needed a statute to effect this purpose. Now we are presenting the statute. The act has been in force. It has never been attacked before the courts, and unless the committee today says the act should not be continued in force, it will continue in force. We are trying to remedy the defect. That is all we are doing. If the hon. gentleman says he is opposed to this act, and that seemed to be the basis of his argument—

Mr. HACKETT: The hon. gentleman rose to ask a question, Mr. Chairman. In my experience, I have found that it is always wise to permit a gentleman, especially when he is a courteous one, to ask a question. But I point out that there is a slight distinction between a question and a speech. This act was passed for a specific time. This act was under sentence of death. That sentence has been carried out. The act is dead. It is as dead as a doornail.

Mr. ROSS (Souris): It was a transitional measure.

Mr. HACKETT: Its only claim to existence rests upon one of these emergencies which the courts have already decreed do not exist. But this act itself has gone out of existence.

Mr. CASTLEDEN: On March 31.

Mr. HACKETT: It went out of existence on March 31 of this year; and any impositions that have been enacted since then have been illegally enforced without right, cause, or power. This is an attempt to legislate for the past and to legislate for an indeterminate future; it is an attempt to place upon commodities which are dealt in by the farming element of the country, a continued and dangling promise of prosperity in order to induce a little temporary enthusiasm.

[Mr. Fournier (Hull).]

Mr. ROSS (Souris): An attempt to get public favour.

Mr. HACKETT: We are complaining that we are burdened with taxation. This act can be made effective only by the taxes that you and I pay. The hardships and the austerities which were gladly assumed during the period of the war no longer find application in a free community. For that reason I am opposed to this act, as well as to the illegalities which it attempts to cover up.

Mr. CHARLTON: If the parliamentary assistant to the Minister of Agriculture had read the explanatory notes on the right-hand page, I am sure he would have seen, from his own words, that the act expired on March 31, 1948. It was passed in 1944. It was put into effect in 1946 for a two-year period, and that period expired on March 31, 1948.

The parliamentary assistant to the Minister of Agriculture said that this act was supposed to bring stability to the farmers. What possible stability can there be when it it left to the governor in council to say when the act shall expire? There cannot possibly be any stability in that. There is no act now. This is just an example of what this government does and of what it has been doing for the last four or five years to farm production across this country.

Mr. HARRIS (Grey-Bruce): What stability will there be if we do not pass this bill?

Mr. ROWE: More than we have now.

Mr. CHARLTON: I am not opposed to this bill. I want that to be understood. I am just pointing out what happened during the past four of five years as a result of government inefficiency in handling this measure. This is just one example of that inefficiency. They let the act expire. From March 31 this year until the present there has been no Agricultural Prices Support Act. Have we any assurance from the government that they will not do the same thing in two years? No. It does not say in the bill. It simply says:

. . . until the coming into force of this act and shall continue in force thereafter for such further period as the governor in council may fix by proclamation.

What assurance have we that the act cannot be thrown out in the next six months? What possible stability can there be for the farmers? They have been disallowed a chance of making a little extra money, and now the government come along and say: We are not sure whether we shall let you have this act for another six months, or two years, or five years. If the government cannot make this permanent legislation, why not set the period? Are they ashamed to set it?

Mr. CRUICKSHANK: Will the hon. member permit a question?

Mr. CHARLTON: Certainly.

Mr. CRUICKSHANK: I presume the hon. member is assuming—and I am sure he is correct in so doing—that we shall be in power for the next ten or fifteen years.

Mr. CHARLTON: The governor in council will still be there, and he will still have that power, no matter what government is in power.

Mr. CRUICKSHANK: I am glad the hon. member admits it.

Mr. MILLER: I should like to ask a question of the parliamentary assistant. Have any payments been made under this act, on any account, since March 31 of this year?

Mr. McCUBBIN: Yes, some payments have been made, but only payments that were started prior to March 31. No new payments have been made.

Mr. ROSS (Souris): On what were the payments made?

Mr. McCUBBIN: On apples and potatoes.

Mr. CHARLTON: The parliamentary assistant has not yet answered my question. Why will the government not state a time in this bill?

Mr. McCUBBIN: Once this bill is passed, they will set the time in the proclamation.

Some hon. MEMBERS: Oh, oh.

Mr. MILLER: Will the parliamentary assistant tell us this: Suppose the bill is passed, and then the governor in council passes an order in council fixing the period for one year, is there anything to stop the governor in council from passing another order in council to amend the first one, either increasing or decreasing the period of time provided by the first order in council?

Mr. CASE: The hon. member is speaking of a great many orders in council.

Mr. McCUBBIN: When lawyers start discussing some of these points with me, of course that is not in my class at all. But I can say this much. Only one proclamation will be issued, and only one order in council.

Mr. HACKETT: One at a time.

Mr. McCUBBIN: That will set the time; it will continue until the end of that time; and there will be no order in council varying it.

Mr. CHARLTON: How can the parliamentary assistant stand in his place and make that statement when he says he cannot state government policy?

Mr. McCUBBIN: I am stating the ruling under the old act; that is all.

Mr. ROWE: I think the parliamentary assistant is only expressing his confidence in the department he represents.

Mr. McCUBBIN: That is worth something.

Mr. ROWE: It would appear to me, as the Minister of Public Works has pointed out, that the whole point is contained in the explanatory note, which says:

> A further proclamation was authorized by order in council dated March 25, 1948, but the Department of Agriculture was then advised that the section could be continued only by act of parliament.

In reply to the hon. member for Stanstead, the hon. gentleman has said the government passed an order in council before the act died in March, though they were advised it could not be done except by an act of parliament. He said the courts had not tested it; therefore he assumed they had not the power, and an order in council has been passed already. He asked what would happen if we did not pass this bill. Evidently he assumes that if the courts did not question it, he could still carry on.

This is the situation as I see it. Even in wartime it was suggested that the act could be continued only by act of parliament, but now in peacetime the government wants the right to pass more orders in council and get away from an act of parliament. I am amused at the confidence, shown by the parliamentary assistant, in the governor in council, who, he says, may extend it for one year or for two years, and that this decision will not be altered, when the proposed amendment reads—

> —until the coming into force of this act and shall continue in force thereafter for such further period as the governor in council may fix by proclamation.

Then there is the further provision:

> This act shall come into force on a date to be fixed by proclamation of the governor in council.

In other words, if this amendment is adopted the governor in council can say when it shall come into force, when it shall go out, and how long it shall be continued. I think the parliamentary assistant shows a great deal of confidence in what is going to be done by the governor in council through these orders in council, if he can give any assurance as to any period of time.

As the hon. member for Stanstead has said so clearly, no one knows better than you, Mr. Chairman, that the instability in this country today, which is causing thousands of people in Europe to starve, which has brought about a hectic situation in the poultry and egg business, which has played havoc with the bacon business, and which has brought high prices, has come about simply because of government interference with the marketing of agricultural products. Someone may ask what stability we can expect if this amendment is adopted and we give the governor in council carte blanche to fix the prices of agricultural products perhaps just before a provincial election or a by-election or a general election, and so please that great element whose support the government is losing so rapidly at the present time.

It does seem to me this is a very important matter. Everyone who comes from a rural riding, including the parliamentary assistant, knows that this year the chickens hatched amounted to only about thirty-five per cent as compared with last year, while we actually required an increase of thirty-five per cent; and at the same time we have millions of children starving in Europe. It is not exactly a matter of the dollar sign, but as long as we continue under a profit system—and unless everyone is to share alike, as hon. gentlemen to my left would suggest, with everyone owning something and no one owning anything—I submit we have a responsibility to encourage production. The parliamentary assistant knows as well as he knows he is sitting where some day he may sit permanently—

Some hon. MEMBERS: Hear, hear.

Mr. ROWE: That is if his party does not go to the country in between times—that many returned soldiers have used their resources to start poultry farms throughout this country. Even those who are lawyers who may not be as well acquainted with the agricultural districts, as some of us, have seen many barns altered, with windows in the upper lofts, to accommodate poultry.

An hon. MEMBER: Oh, oh.

Mr. ROWE: My hon. friend laughs. He knows the story. Those buildings are empty now, or else the owners are borrowing money from all the banks in the country.

[Mr. Rowe.]

Mr. HARTT: Your roosters are not working hard enough.

Mr. ROWE: Your chickens are coming home to roost. That is why poultry production this year is down by about thirty-five per cent. That is why the production of butter is down. That is why the production of bacon is down, and that is why we have failed to meet our overseas commitments. By this experimental folly we have contributed to the starvation of millions of children overseas.

I think I am as much interested in agriculture as any hon. member of this house. I am not in agreement with this policy. I disagree with the general principle, and I disagree with the irresponsible way it is brought before parliament. Never before in the history of this country have we had a government which in peacetime has put through so much legislation by order in council, and left so much to be administered by those who have no responsibility to the electors. What are we here for? Why, Mr. Chairman, this parliament is becoming a farce. During the period of the war the party to your right asked for extended privileges with respect to orders in council. They were given carte blanche. Things had to be done, and we were prepared to co-operate. But surely if legislation which, as has been so well said, interferes with that private enterprise in which the great majority of the citizens of this country believe, had to be brought in during wartime by act of parliament, what justification is there today for saying it must still be left to the whim of the government and be done by order in council? Now no one knows when it will be brought in, with the exception of the cabinet sitting quietly over in the east block; no one knows when it will be discontinued or when it will be changed.

I would not want to be so cruel as to say that when another provincial election comes round we may hear a great deal about prices, embargoes and so on; that might not be in order under this bill. I hardly know when I am in order, however, or when I am out of order. I presume you know, Mr. Chairman; but if a person cannot talk about agricultural prices on a bill to amend the Agricultural Prices Support Act, I do not know when he can talk about them. I do not think you can bring them up under railways and canals, or old age pensions, for example.

I urge the government to give us something more definite; and let it be done by act of parliament. Tell us when it is to come in and when it is to go out. Probably it is too late, but I urge the government to let this go out entirely and permit the law of

supply and demand to govern agricultural prices. Then you will find agricultural production in this country increasing all along the line. However, that is a question of policy. We are being asked for an extension of this legislation. I submit that if we are to extend it, that should be done by an act of parliament, which is the responsible way of putting through legislation, instead of leaving it to the whim of the government.

Mr. FOURNIER (Hull): There is no one to whom I listen with more pleasure than to the hon. member for Dufferin-Simcoe. Whether he speaks on this or any other subject he is always interesting. But if he had read the section we are discussing he would have learned at least one thing. The purpose of this amendment is to have the act continued from March 31 last. That is when it will come in, if the house agrees. I do not know whether the hon. member agrees with his leader, but this morning he said that he was in favour of this legislation. If he does not agree with his leader—

Mr. ROWE: We have some freedom on this side of the house.

Mr. ROSS (Souris): He said exactly the same thing we said.

Mr. FOURNIER (Hull): This act was in force until March 31 of this year but the Department of Justice told the Department of Agriculture that it could not prolong its life by an order in council, that we would have to come to parliament for authority. What we are asking today is whether the committee agrees to extend this act which has been in force up to March 31, 1948, to a date to be fixed, as it was last time, by proclamation. I think the misunderstanding among hon. members arises because of a wrong interpretation of section 12, which reads:

Section nine of this act shall come into force on a date to be fixed—

The date is fixed in this one; we know that; that is a certain fact.

—and remain in force for such period as may be determined, by proclamation of the governor in council published in the *Canada Gazette*.

That proclamation was issued for two years. Somebody thought that we could issue another proclamation to prolong the life of the act, but Justice told us that we could not, that we would have to come back to parliament and ask once more for that power. We are asking parliament today to legalize this act, which has been in force, and permit it to be in operation in the future until a date to be fixed by proclamation.

This is one of the simplest bills I have ever seen brought in to the house, and any discussion beyond the scope of it is beyond me. If you are for the amendment we would like to know, because in your own party I think the hon. member for Souris said that while he did not like it, he was in favour of it; the hon. member for Brant said that it was not very good, but he was in favour of it. Then we have the hon. member for Stanstead saying, "No, I abhor legislation of this sort; I am against it." He was quite outspoken about it. I thought at one time that my gentleman farmer friend in front of me agreed, but at another time he was not too sure. If he had been here this morning and heard his leader, I think he would admit that while it may not be what he wants, it meets the necessities of the moment.

The group to the left of the official opposition agree to this, and they have repeatedly said so. I do not know why they are trying to stop the passage of this amendment. They have made long speeches—

Mr. GRAYDON: Surely a member can speak on a piece of legislation?

Mr. FOURNIER (Hull): When they get beyond the scope of the amendment they are not in order.

Mr. ROWE: I am not going to prolong the discussion. I do not want to interrupt my hon. friend, especially when he was so courteous to me. I take it as a compliment when he calls me a gentleman farmer, because all the farmers in my district are gentlemen. I should like to ask him if an order in council was not passed since March 31.

Mr. FOURNIER (Hull): It is admitted in the explanation of the bill that on April 6 that was done in good faith.

Mr. KNOWLES: Your good faith was on March 25.

Mr. FOURNIER (Hull): We thought at that time it was all right, but we were told that we would have to come back to parliament. This is one instance in which this government has come back to parliament.

Mr. GRAYDON: Just once.

Mr. FOURNIER (Hull): It seems that we all agree.

Mr. ROWE: My hon. friend says that they are coming back to parliament so that they will not have to come back to parliament. Now that he has given an explanation I am not going to prolong the discussion by making it embarrassing for the government.

Mr. DROPE: Mr. Chairman, it has been amazing to listen to the lecture we have heard from the Minister of Public Works about what we should do in connection with agriculture. This act expired three months ago while the house was in session. It is just another example of the agricultural policy of this government. They are behind all the time, and they are three months behind with this bill. It seems to me that the Department of Agriculture should be cleaned up if our basic industry is not to be left behind, and this might be a good time to start in.

Every time we ask questions about agriculture—I have asked a few in the last month or two—we are told that it is a matter of government policy which will be announced in due course. I would like to find out what the government's policy is. The Minister of Public Works is talking about our leader, but what is his leader saying about it? The country does not know, and we as members of the house do not know. If we are going to provide this nation with food and have something to export, we should have a long-range policy which cannot be terminated overnight. Why was not this bill brought in before the end of March?

Mr. McCUBBIN: We wanted all the farmer members to be here when it was brought in. They are all here today, so we thought it would be a good time to bring it in.

Mr. KNOWLES: Where is the Minister of Agriculture?

Mr. DROPE: If they do not know the answer, why do they not say so?

Mr. CHARLTON: How and by whom will the floor prices be set?

Mr. McCUBBIN: The floor prices will be set by the government on the recommendation of the agricultural prices support board.

Section agreed to.

Sections 2 and 3 agreed to.

Bill reported.

Mr. McCUBBIN moved the third reading of the bill.

The house divided on the motion (Mr. McCubbin) which was agreed to on the following division:

YEAS

Messrs:

Abbott
Archibald
Ashby
Baker
Beaudoin
Beaudry
Belzile
Benidickson
Bertrand (Laurier)
Bertrand (Prescott)
Bertrand (Terrebonne)
Black (Yukon)
Blackmore
Blair
Blanchette
Boivin
Bonnier
Bourget
Bradette
Bradshaw
Breithaupt
Brown
Case
Casselman
Castleden
Charlton
Chevrier
Cleaver
Cockeram
Coté (Verdun)
Cournoyer
Coyle
Cruickshank
Daniel
Dickey
Drope
Emmerson
Fair
Farquhar
Ferguson
Fleming
Fournier (Hull)
Fournier (Maisonneuve-Rosemont)
Fraser
Fulton
Gariépy
Gauthier (Nipissing)
Gauthier (Portneuf)
Gibson (Hamilton West)
Gillis
Gingues
Gladstone
Golding
Gour (Russell)
Gourd (Chapleau)
Grant
Graydon
Green
Gregg
Harkness
Harris (Grey-Bruce)
Hartt
Healy
Henderson
Herridge
Hlynka
Homuth
Howe
Ilsley
Irvine
Isnor
Jackman
Jaenicke
Kirk
Knight
Knowles
Lalonde
Langlois
Lapointe
Laurendeau
Lennard
Lesage
Little
McCuaig
McCubbin
McCulloch (Pictou)
McCullough (Assiniboia)
Macdonald (Brantford City)
McDonald (Parry Sound)
McGarry
McIlraith
McIvor
McKay
MacKinnon
MacLean
McLure
MacNicol
Manross
Marier
Martin
Marquis
Matthews (Brandon)
Menary
Michaud
Miller
Mitchell
Moore
Mullins
Mutch
Nixon
Parent
Picard
Pinard
Quelch
Reid
Richard (Ottawa East)
Robinson (Bruce)
Robinson (Simcoe East)
Ross (Hamilton East)
Ross (St. Paul's)
Ross (Souris)
Rowe
St. Laurent
Sinnott
Skey
Stephenson
Stewart (Winnipeg North)
Stokes
Timmins
Townley-Smith
Tremblay
Tustin
Warren
Webb
Weir
White (Hastings-Peterborough)
White (Middlesex East)
Whitman
Williams
Winters
Wylie
Young—142.

NAYS

Messrs:

Hackett
McGregor—2.

Bill read the third time and passed.

YUKON QUARTZ MINING ACT

AMENDMENT TO SUBSTITUTE "GOLD COMMISSIONER" FOR "COMMISSIONER", ETC.

Hon. J. A. MacKINNON (Minister of Mines and Resources) moved that the house go into committee on Bill No. 363, to amend the Yukon Quartz Mining Act.

Motion agreed to and the house went into committee, Mr. Macdonald (Brantford City) in the chair.

Sections 1 to 8 inclusive, agreed to.

On section 9—Tagging of claims.

Mr. BLACK (Yukon): In my opinion subsection 1 of section 45 of the original act as now amended by section 9 of this bill is too drastic and should have some safeguarding words added to it. It now reads:

(1) As soon as reasonably possible after the recording of the claim the holder of the claim shall affix or cause to be affixed securely to each of the posts of the said claim a metal tag plainly marked or impressed with the recorded number and letter or letters, if any, of the claim, and in default the claim may be cancelled by the mining recorder on the application of anyone who in the opinion of the mining recorder has been misled by the lack of such tags.

(2) The mining recorder on application shall supply the numbered tags, mentioned in subsection one, free of charge.

(3) This section applies in respect of all claims recorded after the first day of June, nineteen hundred and forty-eight.

To a certain extent that follows the provision in the gold mining law of British Columbia, except that in British Columbia, before the claim is located, these metal tags are furnished by the mining recorder to the person about to locate the property, and the metal tags are put on from the start. However, if the minister prefers to have it done after the claim is recorded I am not going to quarrel with it; but I do say that in default of the metal tags on the posts, the claim should not be cancelled without an inquiry. Therefore I move an addition to subsection 1 of section 45, which, if adopted, would make the section read as follows:

. . . in default, the claim may be cancelled by the mining recorder on the application of anyone who in the opinion of the mining recorder has been misled by the lack of such tags, after a notice in writing by the mining recorder of a hearing before the mining recorder has been served on such claim holder and on said person or persons applying for cancellation. Said notice to contain the name or names of the persons applying for cancellation, alleging that they have been misled and stating how misled, and after a hearing of all of said parties before the mining recorder.

I think that is only fair, and it is in line with another paragraph of the same act under which co-owners of mineral claims are called upon to do their proportionate amount of the representation work annually. They must pay their proportionate amount of the renewal, and if one fails to do that, a hearing is held before the mining recorder and the defaulting owners are given a notice of the hearing. An opportunity is afforded them to come before the mining recorder at that hearing and state their case. I think the complaint should be known to the person complained of. He should know what the complaint is, and a complete hearing should be held before the mining recorder goes so far as to cancel the claim.

Mr. MacKINNON: The hon. member has discussed this matter with me and with the officials of the department, and I have drafted an amendment to this section which I purpose asking my colleague the minister of external affairs to move. It follows exactly along the lines of the representation the hon. member has made. It has been submitted to Justice and they have passed it. I will read it, and if it is satisfactory to the hon. member I will ask my colleague to move it:

45. (1) As soon as reasonably possible after the recording of the claim the holder of the claim shall affix or cause to be affixed securely to each of the posts of the said claim a metal tag plainly marked or impressed with the recorded number and letter or letters, if any, of the claim and in the event of default, the mining recorder may after a hearing, cancel the entry for the claim upon the application of any person who, in the opinion of the mining recorder, has been misled by the lack of such tags; notice of the hearing together with a copy of the application, shall be served on the recorded owner of the claim in the manner directed by the mining recorder at least ten days before the date fixed for the hearing.

Mr. ST. LAURENT: I so move.

Mr. HACKETT: May I make a suggestion which I hope the minister will consider. It refers to the delay. It seems to me that ten days is a very short delay. Thirty days would be a more equitable time, considering the vast distances of that remote land, and it would probably in the end save time because, if the person were to go before the board and say he was not able to proceed because of the very shortness of the notice, he would probably get an adjournment. I therefore suggest that the minister make it thirty days instead of ten.

Mr. MacKINNON: One effect the suggestion might have would be to delay matters, but I really have no objection to extending it from ten to thirty days.

Mr. ST. LAURENT: The word "thirty" can be substituted for the word "ten".

Amendment agreed to.

Section as amended agreed to.

Sections 10 to 12 inclusive agreed to.

On section 13—When dominion land surveyor may include fraction within the claim. Proviso.

Mr. BLACK (Yukon): I have an amendment to this section, a copy of which I will send to the minister. Section 13 relates to the original clauses of the act numbered 81, 82, and 82A. I am moving an amendment to be entered as 82B.

82B. No entry granted for a mineral claim shall be subject to cancellation in the discretion of the minister unless such cancellation is first recommended by the commissioner.

The preceding sections and subsections of section 13 refer to surveys. This Yukon Quartz Mining Act was enacted in 1924 in the second session that I attended in this House of Commons. Prior to that time, the mining law of Yukon in regard to quartz and lode mining was by order in council passed at Ottawa, regardless altogether of the circumstances pertaining to Yukon, methods of mining, and what was advisable or not advisable.

I drafted the act and submitted it to the miners of Yukon. As far as possible it met their requirements. I submitted it to the then minister of the interior, as he was called, the late Hon. Charles Stewart. He submitted it to his legal advisers and together we agreed on the act. Mr. Stewart piloted it through the house, and it has stood from 1924 down to this time with some more or less minor amendments down through the years.

In the act there was one section which the department was very anxious to have in. I did not approve it, but rather than hold up the legislation or jeopardize it, I refrained from making any long fight against it. I was assured by the minister and his staff that the wide provisions of that section would never be abused, and all through the years they have never been abused. No attempt was made to violate the provisions of that section until March of this year when there occurred what I regard as a violent abuse of the section. I will read the section to the committee:

The recorded owner of a mineral claim shall have a survey thereof made at his own expense by a duly qualified dominion land surveyor under instructions from the surveyor general within one year from the date upon which notification by the minister to do so may be sent to him.

2. Such notification shall not be given until the expiration of at least one year from the date upon which the claim was recorded.

[Mr. MacKinnon.]

3. If the survey is not made, and if the returns of such survey are not received and approved by the surveyor general within one year from the date of notification, the entry granted for the mineral claim shall be subject to immediate cancellation in the discretion of the minister.

There is too much discretion there to be given to any minister. The section should not be brought into play unless there is absolute need of it, and in my opinion, knowing the situation in Yukon as I do, I do not think there is need of it today. Under the provisions of that section, this is the order that went out to the claim owners. Notices were prepared in Ottawa and sent to the various mining recorders of the territory:

Upon instructions from the Minister of Mines and Resources and pursuant to section 78 of the Quartz Mining Act, you are hereby notified that you must within one year from the date upon which notification is sent to you, at your own expense, have a survey made of all mineral claims owned by you which were recorded prior to March 31, 1947.

A storm of protest against that came in to the department. Then along came another letter from the mining recorder, also prepared in Ottawa and sent out to have the name put in and be sent out by the mining recorder. This is the way this demand No. 2 reads:

The increasing interest displayed in mineral resources of Yukon Territory has emphasized the necessity of having surveys made to determine the boundaries of older quartz mining claims. Many complaints have been received recently as a result of those entering the field being unable to accurately locate claims from stakes on the ground or from descriptions in the record book.

The minister has therefore authorized the enforcement of section 78, Yukon Quartz Mining Act, and I have been instructed by the minister to notify you in his behalf, and you are hereby so notified, that you shall have a survey made at your own expense by a duly qualified dominion land surveyor under instructions from the surveyor general within one year from the date of this notice, of all claims standing in your name and recorded for over one year.

Then the attention of the claimant is called to the penalty, which is that the claim shall be subject to immediate cancellation at the discretion of the minister. Then along comes another letter. The two I have read were by no means well received. No. 3 reads as follows:

The correspondence which has been received as a result of the notices sent to claim holders under section 78 of the Yukon Quartz Mining Act has been reported to the department and I have been instructed to furnish further information to all those to whom these notices have been sent, supplementing the information already given.

The necessity of a survey of mineral claims has been a fundamental requirement of the Quartz Mining Act from the beginning.

That is absolutely incorrect and not so.

The two-post staking system which is in effect in Yukon territory contemplates that there will be an early survey so that the boundary of each claim may be defined.

That is not a correct interpretation at all. It was never the intention that there would be an early survey. The two-post system is in effect and has been used in British Columbia for the last fifty years; and quartz mining in British Columbia is greater in magnitude than anything that has been undertaken in Yukon to date, although it is coming on. The two-post system has been satisfactory to the miners all down through the years and there has never been a demand for a change. The letter continues:

This requirement was not enforced during the time when it was imposible to obtain the services of a surveyor. The net result of this leniency—

Listen to that—"leniency".

—has been that those who wish to proceed with the development of the mineral resources of the territory are unable to ascertain the limits of the properties that can be secured either by purchase or staking.

I doubt that. If there are people of that sort who are delayed and prevented, they should come out from under cover, say who they are, say who is delaying them, and have those people who are delaying them disciplined and made subject to the provisions of this act. Do not hit the whole mining population over the head with that section. The letter continues:

Now that the services of dominion land surveyors are available it has been considered appropriate to require claim holders to have their claims surveyed. There is no intention of taking arbitrary action.

Oh, none at all.

If it is impossible to have a survey made, either because the surveyor cannot get around to it, or for good and sufficient reason the claim owner while developing the property is unable to pay the expense of the survey, then the circumstances will be considered by the minister on the representations of the claim holder.

And so on. That, I think, was the third demand.

Mr. MacKINNON: I would appreciate it if the hon. member for Yukon would finish the reading of the document. He stopped in the middle of it. It is important in connection with the statement.

Mr. BLACK (Yukon): Then following those notices came a demand to the claim owners for a deposit from them of $200 per claim. A man owning ten claims had to put up $2,000. That demand was not welcomed either. Now the department has come down to $100. That is the last demand.

Further than that, there are three mining districts in Yukon; the Dawson district, the Whitehorse district and the Mayo district. I am informed by the minister's officials that no surveys are to be required in the Dawson or Whitehorse districts, but that it will all be confined to the Mayo district. That is where the big silver mines are. That is where certain people, I think, want to get more property instead of going out in a manly way and going after it. Those operators of silver-lead mines in Yukon are in the way of making millions of dollars of profit on Canadian investment, and I am glad they are. They have silver-lead ore so rich that it is hard to realize it. It is so valuable that it does not need to be milled, but only to be sorted and sent out to the smelters in its native state. To say that the people wishing to acquire claims to more property cannot find the boundaries of claims already located and that have become the property of various owners, is not correct. There is a map of all the surveyed claims in that silver mining area and there is a blueprint in the mining recorder's office at Mayo and Dawson, showing the location not only of the surveyed claims but of all the recorded claims.

If people are anxious to acquire a property from claim owners, those claim owners will go out and show them where the boundaries are and what they have to acquire. I have received—as I am sure the minister and his staff have also—literally hundreds of protests. I have one protest here containing signatures of over 164 claim owners against that attempt on the part of the minister's officials to drive those claim owners into having their claims surveyed. The minister will pardon me if I quote from a letter written to me by him, dated May 25. He says:

It may interest you to know that in the Northwest Territories the department employs mining inspectors to see that the assessment work which is claimed by affidavit is actually performed on the claims. So far, this has not been the policy under the Yukon Quartz Mining Act. You are aware, of course, that the British Columbia mining administration, which has two-post staking, employes mining inspectors.

I can understand that the minister is not up to date on the policy of his department, because he has only come to it. But he says that it has not been the policy under the Yukon Quartz Mining Act. When this quartz mining act was passed in 1924, mining inspectors were at once appointed; they did their work, inspected the claims and saw that the mining was done properly and with safety to the miners in the mine. But for some unaccountable reason the government and the department have dropped the position of

mining inspector altogether and we have no mining inspectors in Yukon. That is not the fault of the miners; it is the fault of the government itself. When the minister says it is not the policy, it is true it is not the policy, but it is provided by the act. British Columbia has the two-post staking system and its mining inspectors. We should have our mining inspectors, and we want the staking in Yukon to be the two-post staking. I set out the situation fully in a letter I wrote the minister; and with your permission, Mr. Chairman, I should like to read that letter and have it on record, because to the miners of Yukon this is a most important matter. On May 20 I wrote the then acting minister, whose appointment I am glad to say has been confirmed, saying:

The Yukon Quartz Mining Act was enacted by the parliament of Canada in 1924.

In the 24 years the act has been in operation mineral claims have been located, owned, sold and mined with entire satisfaction to both companies and individuals owning them, and until March of this year, no minister of mines, nor any of his staff has abused the power given the minister by section 78 of the act by notifying the recorded owners of unsurveyed mineral claims in Yukon that a survey of the claims must be made at their expense by a fully qualified dominion land surveyor under instructions from the surveyor general within one year from the date upon which such notification by the minister to do so may be sent to him, and if the survey is not made, and if the returns of such survey are not received and approved by the surveyor general within one year from the date of notification, the entry granted for the mineral claim shall be subject to immediate cancellation in the discretion of the minister.

I need not read the whole letter, but in it I set out the various notices I have already read to the committee. Then I said to the minister, as I now say to the committee:

The department of mines states there are in Yukon approximately 1,657 recorded unsurveyed mineral claims, and it is assigning a surveyor to make surveys of mineral claims in Yukon, that such surveying in Yukon can be done during three or four months of the year, depending on locality. It follows that it will take a number of years to have those claims surveyed.

At the time this letter was written the amount demanded of the claim owners was $200 a claim, and I was acting on that figure. As I have already said, it has been reduced to $100 a claim.

Two hundred dollars per claim is exacted from the owners of the 1,657 unsurveyed claims. That will be $331,400—

Now, at $100 a claim, it will be half that amount, but these words will apply to that figure just as they applied to the earlier figure.

—which sum or any part of it, if expended in prospecting and development work would do far more to develop mining than if tied up for unnecessary surveys.

[Mr. Black (Yukon).]

As to the two-post system, the predecessors of the mining companies operating there now produced in a few years from those few mines values in silver-lead of over $25,000,000. The amendment I have moved provides that no entry granted for a mineral claim shall be subject to cancellation in the discretion of the minister unless such cancellation is on the recommendation of the commissioner. With all respect to the minister, he must remember that he is not a miner. He is here in Ottawa, three or four thousand miles from the mines to which this law is to apply. He has a perfectly good commissioner who, before being appointed to that position, was a lawyer practising first in Winnipeg and later in the mining camp of Yellowknife. He is in sympathy with the miners; he knows what they need, and he would never recommend the cancellation of a mining claim unless there was great misbehaviour on the part of the owner.

I ask the minister: Why penalize the owners of all claims, in even one of the three mining districts, if there are people holding unsurveyed mineral claims and who, as a result, are hampering progress and preventing other claims from being acquired? Let those who are complaining come into the open and say who is holding them up. Then the minister and his officials can quickly attend to those people and make them get out of the way. But do not make this apply to all the law-abiding miners in the whole Mayo district.

Therefore I considered it necessary and advisable to offer the amendment, and I only hope the minister will see his way clear to permit it to go through.

Mr. MacKINNON: I did not attempt to interrupt the hon. member while he was commenting on section 78 of the act, which is not being amended at all by this bill. This matter, with respect to which the hon. member for Yukon read certain instructions that were sent out by the department, has been the subject of conversations between my officials and myself and others interested, including the hon. member for Yukon. Following those discussions, new instructions were issued, which I believe meet with the approval of the hon. member. That is why I was anxious to have him read the full statement, to show that the clauses to which he objected have already been amended by the department.

I could go into the various points raised, but I do not think it is necessary. There was a real demand from people interested in mining development for the surveying of various claims in the Yukon territory. It is the intention of the department only to survey those claims alongside present developments, in order to

enable the men doing development work, as well as those in close proximity to those properties, to know exactly the extent of the claims.

We are following the two-post staking in the Yukon; that has always been followed there and in British Columbia. Each claim holder is required to do $100 worth of work on his development each year in order to hold the claim. The department is providing a surveyor to survey any claims that require to be surveyed, and we are doing that work for $100. That will be accepted as a discharge in full of the necessary work on the claim for that year.

I am sorry I cannot accept the amendment to section 13 by adding, as the hon. member suggests, a provision that no entry granted for a mineral claim shall be subject to cancellation in the discretion of the minister unless such cancellation is first recommended by the commissioner. There is no doubt in the world that, before the minister ever acts, he gets advice from the commissioner, and on that advice he takes action. I think it would be a retrograde step for the minister here at Ottawa to attempt to throw off any of his own responsibility in a matter of this kind. I believe the minister must accept and assume the final responsibility; and the information upon which he acts is the information and the recommendation coming from the commissioner. Under those circumstances I do not see how I can accept this amendment.

Mr. HACKETT: Would the minister advise the committee if there is anything in the regulations making it imperative that the minister should have a report from the commissioner before acting? I agree with the minister that responsibility rests with the minister. He should exercise it and assume all the praise or penalties that might arise from the decision at which he arrives. If I am correctly informed, mining is not only an important industry in the Yukon territory, it is possibly the only one.

In the last few months something has come about that has caused a great deal of anxiety among the hardy breed of men called miners or prospectors. It would seem unfortunate if anything should occur which would tend to diminish their enthusiasm or energy in the pursuit of their difficult and burdensome calling. The minister has not said that new conditions have not come into existence. I did not understand from the hon. member for Yukon exactly what had aroused the fears, if not the suspicions of his constituents, but apparently about March last a number of threats of cancellation or cancellations took place.

Would there be any particular difficulty in inserting in the regulations a provision whereby an action taken by the minister should be preceded by a report from the commissioner? I am not suggesting that the minister be bound by that report because, as he has well said, the responsibility is his, and I for one am content that it should remain where it belongs in its entirety, upon the shoulders of the minister. But, after all, the minister is far away from the Yukon. The Yukon is now more accessible in some ways than it has ever been before, and it is possible that practices which formerly did not obtain in that country may be germinating there and causing hardship to the prospectors and miners. It seems to me that if that provision were in the regulations the minister would get a report which would be based upon the facts, and among those facts would be the views of the prospector or owner of the claim. Therefore no hurried decision would be taken, and I think the situation would be met.

Apparently there is something new, because for twenty-four years this act has been administered, as I understand, to the entire satisfaction of the population of the Yukon. But today that population is disturbed and upset. There must be some reason for that. I am sure that the minister wishes the important work of prospecting to go on and that those who follow that calling should have all the protection that good administration will provide. Therefore I ask him if he does not consider it feasible to put into the regulations that provision which would lead these people to believe that they will continue to receive the equitable administration which they have known in the past.

Mr. MacKINNON: Not to the same extent as the hon. member for Yukon, but to a quite considerable extent I am familiar with the situation in Yukon. In recent years the easiest access from the Yukon to the outside world has been through my own city of Edmonton. On visits to Yukon I have had an opportunity to familiarize myself to a certain extent with conditions there. I may say there are no regulations in Yukon under this act; there are regulations in the Northwest Territories.

I do not know that the miners or claim holders of the Yukon have become aroused. I heard nothing about it until this legislation was placed before me. The whole aim of the department in bringing forward these amendments is to make mining development in the Yukon easier and quicker. There have been

requests for the surveying of claims, particularly in districts where there has been development.

Under the orders and instructions that have been set out, no person holding a claim some distance from development need have any worry about being compelled to do any surveying. It would be a physical impossibility, even if the department wished it, to survey any but the claims in the Keno-Mayo district alone within the next year or two. Holders of claims in Yukon have been informed as follows:

> Those who are unable to comply or who wish to establish a case for special consideration by reason of their bona fides as actual developers of the property they hold under entry should disclose the circumstances which in their opinion would justify the minister in not cancelling their claims.

Everything is being done to aid the mining development of Yukon. As I have said, that is the whole interest of the government in introducing this legislation.

Mr. LENNARD: I rise to support the hon. member for Yukon and the argument put forward by the hon. member for Stanstead. I have here an editorial published in the June, 1948, issue of the *Western Miner* of Vancouver, which deals with the arguments that have been put forward this afternoon. I wonder if the minister and the committee would permit me to place this on the record. I can read it, but I ask for that permission in order to save time.

Mr. MacKINNON: I have read the article in the *Western Miner*. If the hon. member for Wentworth is anxious to put it on the record, I have no objection, but the editorial is based upon false premises. It is based upon what the hon. member for Yukon read at the start before he had had the department's correction. As I say, I have no objections, but I want to state that, having read the editorial, I know it is based on false premises.

Mr. LENNARD: The minister having stated his stand and apparently having no objection to this editorial being put on the record, in fairness to those interested I ask for unanimous consent to put it on the record.

Mr. ST. LAURENT: I do not like to object; but some time ago the hon. member for Lethbridge wished to put something on the record and I suggested that it would be a bad precedent. It seemed to be then agreed that our record should be a true picture of what goes on in the house. Though it does take a little time to read something of sufficient importance to be on the record I think it is preferable to take that time and do it in that way. There are other places where the written record gives a very poor picture of what actually takes place in the deliberations, and I think it would be unfortunate if our house slipped along such a path. The hon. member might give us the pleasure of hearing him read such portions as he thinks should be on the record.

Mr. LENNARD: It will be a pleasure to do so, as requested by the minister. This editorial appeared in the *Western Miner*, published at Vancouver, and is dated June 1948. It reads:

> The Department of Mines and Resources would be well advised to reconsider its present attitude regarding compulsory surveying of mineral claims in Yukon territory. A bureaucratic interpretation of section 78 of the Yukon Quartz Mining Act now provides that owners of mineral claims in Yukon must, within one year, have their claims surveyed by a dominion land surveyor and have the survey approved by the surveyor general. Failing this, entries granted for such claims will be subject to immediate cancellation in the discretion of the Minister of Mines. Seeking to defend its position, the government states that: "The necessity of a survey of mineral claims has been a fundamental requirement of the Yukon Quartz Mining Act from the beginning. The two-post staking system which is in effect in the Yukon territory contemplates that there will be an early survey so that the boundary of each claim may be defined. This requirement was not enforced during the time when it was impossible to obtain the services of a surveyor. The net result of this leniency has been that those who wish to proceed with the development of the mineral resources of the territory are unable to ascertain the limits of the properties that can be secured either by purchase or staking"—and (2) "Now that the services of dominion land surveyors are available, it has been considered appropriate to require claim holders to have their claims surveyed. There is no intention of taking arbitrary action. If it is impossible to have a survey made, either because the surveyor cannot get around to it, or for good and sufficient reason the claim owner, while developing his property, is unable to pay the expense of the survey, then the circumstances will be considered by the minister on the representations of the claim holder." All of which is a fine-sounding bit of official gobbledygook and nothing more.
>
> It is interesting to note that George Black, M.P., long associated with Yukon mining, states definitely that when the Quartz Mining Act was drafted and when it was submitted to parliament in 1924 there was absolutely no contemplation, under the two-post staking system, of an early survey. Certainly the member for Yukon, who drafted the original legislation, is more competent to pass on the intent of parliament than the civil servants who are now trying to impose their own interpretation. Aside from that point, altogether, it is difficult to understand why the department should try to hang this question of surveys on such a tenuous thread as the two-post staking method. And to advance the argument that surveys are necessary because those who wish to proceed with the development of the mineral resources of the territory are unable to

ascertain limits of properties, is nothing short of crass stupidity. To date surveys have not been found necessary in other parts of Canada when mining claims change hands, and if the four-post staking method provides the answer, why not have any claims in question restaked using four posts? Surely it is not the desire of the department to impose on prospectors a penalty of $200 per claim held in Yukon territory to overcome a deficiency in staking regulations which have been in force for almost a quarter of a century. In actual fact, of course, once the government's base lines have been run, any company engineer could readily "ascertain the limits" of the claims in question, and if they warrant development such a survey would be made as a matter of course.

To state that the government was "lenient" in not enforcing the survey regulations during the time when it was impossible to obtain the services of a surveyor is patently bureaucratic balderdash and is repeated here only as a further example of official circumlocution. The same applies to item (2) in the government statement. Just what do they mean when they say there is no intention to take arbitrary action? If the question of whether or not a prospector holds title to a claim rests with the idiosyncracies of the surveyor who may or may not "get around to it", or with the personal whim of the minister and his subordinates, depending on whether or not the department happens again to feel in a "lenient" mood, there will be little or no new mining development in Yukon territory.

As everyone associated with mining knows, the future of the industry in this country rests on the discovery and development of new deposits. It is the prospector who stakes the original claims and does the preliminary development. His position is one of paramount importance and every possible assistance and encouragement must be rendered him if we are to offset the rapid depletion of known ore bodies. These are fundamentals which one would expect even the Ottawa desk miners to recognize. Instead of suggesting that the department bear the cost of any claim surveys deemed essential to the further development of mineral resources, however, (and the amount involved would be inconsequential) the best that has been forthcoming to date is that the prospectors, by way of encouragement no doubt, should hand over $200 per claim or face the probability of cancellation. Apart from the fact that most prospectors don't have that kind of money, if they did have $200 per claim to spend one would think that the greatest possible benefit to all concerned would come from spending it on additional development. Nobody in his right mind wants to have a mineral claim surveyed at a cost of $200 until he is reasonably assured that he stands a chance of getting his money back some day. And particularly in these times when it is all too difficult to interest venture capital in mine development (thanks in great part to Ottawa's long-haired idealists), prospectors are having a tough time just getting by, without any additional burdens. If the department really wants to help the Yukon prospectors in their efforts to find and develop new mines, the compulsory survey regulations should be deleted from the quartz mining act immediately. Otherwise the Yukon prospectors say they will quit the territory, and they mean it.

I apologize to my fellow members for being for once a bit long-winded, but I tried to avoid it.

Mr. CASTLEDEN: Does the act apply only to claims staked after the coming into force of the act? What protection is there for those who have already staked their claims?

Mr. MacKINNON: There will be no interference with them.

Mr. CASTLEDEN: This applies only from now on?

Mr. MacKINNON: To all claims.

Mr. BLACK (Yukon): This afternoon, as always, the minister has been reasonable, but his attitude is quite different from that of his staff when this crusade was begun. With them it was a "must", a command, on pain of cancellation. It is true that the editorial read by the hon. member for Wentworth was written before those "musts" and commands and threats had been toned down by the minister. He knew better, but evidently his staff did not. This whole heartache which has been caused to the miners of Yukon is based on this statement:

> There are those who wish to proceed with the development of the mineral resources of Yukon territory and are unable to ascertain the limits of the properties that can be secured either by purchase or staking.

If there are people in that predicament, let us know who they are, and who is holding them up, and then discipline those who are holding them up. I asked this question of the minister:

> Who are those who wish to proceed with the development of the mineral resources of Yukon territory and are unable to ascertain the limits of the properties that can be secured either by purchase or staking, referred to in the notices sent to the owners of unsurveyed mineral claims in Yukon by the mining recorders of Yukon on instructions of the Minister of Mines and Resources?

This is the naive answer, if I may use that word, which the minister gave me:

> Companies and individuals who have already made substantial investments in mining in the Yukon and are interested in its development in the future.

That was a lot of information. Who could it possibly have been, but individuals or companies? We knew that before the question was asked. Since it was not an answer, I repeated the question on June 2. To that question the minister said this:

> Mr. Speaker, may I answer this question orally?

He proceeded to read it as follows:

> It is not customary, nor, except under most unusual circumstances, is it appropriate, to

make public reference by name to persons who communicate with departmental officials on matters of private concern. To violate this procedure might result in the disclosure of the personal and business interests of individuals or companies in a way that would be unnecessarily detrimental without serving any valid public purpose. In the present instance it is felt that the publication of the names of the persons and companies involved would not result in any public benefit, but would be an unwarranted disclosure of documents which it would not be appropriate, nor in accord with official policy, to publish.

The question of substance involved in this matter has been fully answered in earlier replies to questions asked by the hon. member for Yukon.

Far from it. I had the assurance to make this remark:

Perhaps I might speak, on a question of privilege. The minister says that to answer the question would not be in the public interest. It would be more appropriate to say that it would not be in the interests of some private institutions, and the minister knows it.

I am not going to press it, but this whole heartache of the miners had been caused by that, because some miners owning mining claims or mineral claims have failed to have them surveyed. Whoever are blocking these claims should be disciplined. They should be known, and the people they are blocking should be known. Let the minister and his staff do that and cure it. Do not penalize all the claim owners in the Mayo and Keno districts. The government has dropped the demand for surveys in the Dawson mining district. They have dropped them in the Whitehorse district. The claim owners in the Mayo district must still have claims surveyed or pay $100 for the claim because somebody is holding somebody else up. Why not get at the bottom of it? Why not make a disclosure and deal with these people who are doing wrong, not the innocent ones?

Mr. MacKINNON: The hon. member for Yukon sees something in the woodpile that is not there.

Mr. BLACK (Yukon): There is a nigger in the woodpile, and I am trying to smoke him out.

Mr. MacKINNON: My officials tell me that sufficient applications have been received in the department for surveys to keep our surveyors busy for the next year.

Mr. BLACK (Yukon): Reference has been made to the leniency of the government in not enforcing that section and having surveys made. For years and years after the act was passed there were plenty of dominion land surveyors in Yukon, and such a thing as demanding of a man that he have his claim surveyed was never thought of. It was only when these people who are behind the scene got busy that this was put into force.

Amendment (Mr. Black, Yukon) negatived.

Section agreed to.

Section 14 agreed to.

On section 15—Schedule.

Mr. BLACK (Yukon): This section contains a schedule of fees. To some extent the fees have been reduced. I should like to call the attention of the minister and his staff to the fact that a fee for recording a mineral claim in Yukon is now $10, and the proposed schedule continues it, whereas in British Columbia it is only $2.50. Why it should cost more to record a claim in Yukon than in British Columbia, I fail to see.

Schedule agreed to.

Title agreed to.

Bill reported, read the third time and passed.

SUPPLY

Hon. ALPHONSE FOURNIER (Minister of Public Works) moved that the house go into committee of supply.

Motion agreed to and the house went into committee of supply, Mr. Golding in the chair.

DEPARTMENT OF AGRICULTURE

Special—

33. To provide for assistance to encourage the improvement of cheese and cheese factories, $1,700,000.

Mr. WEBB: I see there is an increase of $200,000 in this item this year. Will the parliamentary assistant give us a breakdown of this item? I am particularly interested in the reconstruction of cheese factories. What districts of the province get this amount?

Mr. ROBERT McCUBBIN (Parliamentary Assistant to the Minister of Agriculture): The hon. member for Leeds asks a question with respect to the increase of $200,000 in this item. Materials have become more easy to procure than they were during the past years. We find that more applications are now coming in for the construction of and assistance to cheese factories. We felt that during the coming year more would be needed. There is a decrease in the amount of bonus that we are paying, for the simple reason that our cheese production is down, and not as much will be needed.

Mr. WEBB: I am interested in this, because I come from an area of fairly high cheese production. Is there any kind of breakdown that shows where these subsidies go?

Mr. McCUBBIN: By provinces, the total amount paid last year was: Ontario, $341,535; Manitoba, $553; Alberta, $9,082; British Columbia, $1,037; New Brunswick, $484; Prince Edward Island, $401; Quebec, $688,798.

Mr. WEBB: I am interested in the building of cheese factories. This refers to standardization of cheese pressing equipment, reconstruction of cheese factories and so on. Does this take in all that?

Mr. McCUBBIN: Yes. Would the hon. member want a breakdown for his own county? If he does, we can get it for him.

Mr. DROPE: How far does the department go in regard to subsidies for construction and reconstruction? What percentage of the cost is undertaken and what are the requirements?

Mr. McCUBBIN: Fifty per cent of the cost.

Mr. DROPE: What is the limit?

Mr. McCUBBIN: Any amount within reason.

Mr. DROPE: It must be approved by the department?

Mr. McCUBBIN: Yes.

Mr. CHARLTON: Is it provided for individuals as well as co-operatives?

Mr. McCUBBIN: Either.

Mr. CHARLTON: In what way do you standardize cheese pressing equipment? Has the old equipment been changed? Has there been an increase in size?

Mr. McCUBBIN: In diameter. There is a variation among the different cheese factories, and the department has tried to standardize them.

Mr. CHARLTON: What is the standard weight?

Mr. McCUBBIN: The diameter of the hoop is fifteen inches, and the weight is ninety pounds.

Mr. CHARLTON: The regular 90-pound Cheddar.

Mr. McCUBBIN: Yes.

Mr. CHARLTON: Has the department ever considered using the rectangular press? It has been used by some cheese factories. The cutting of cheese is greatly facilitated. The cheese can be cut into pound or half-pound portions, and in that way it is readily packed for retail sale. Has the department considered having the rectangular instead of the round press?

Mr. McCUBBIN: That was considered some years ago but not recently. The presses are more easily held together by hoops.

Mr. FRASER: The Minister of Agriculture only a short time ago told a deputation that, in the future, cheese would be put up in the rectangular shape instead of the present round one. In fact, in Peterborough county at the present time, the Trent cheese factory is putting out the rectangular cheese. The product is sold to one cheese man in Oshawa and he makes it up in half-pound and pound packages. I understand that last year he sold 198,000 pounds of cheese. I have tried the cheese, as have other hon. members, and it is really excellent, mild, medium and strong. I believe it is generally agreed that, in the future, cheese will be put up in this way.

Mr. JAENICKE: I understood the parliamentary assistant to give a breakdown on premiums paid on quality cheese.

Mr. McCUBBIN: I did not give premiums.

Mr. JAENICKE: I did not hear Saskatchewan mentioned. Are they entitled to anything?

Mr. McCUBBIN: What I gave was for construction, but if the hon. member wishes I can give the premiums.

Mr. JAENICKE: By provinces?

Mr. McCUBBIN: If the hon. member wishes.

Mr. WEBB: While the parliamentary assistant is looking up those figures, I see there is a reduction of $200,000 on premiums for high quality cheese. Is there any reason for that?

Mr. McCUBBIN: The reason is that production of cheese was down. I have the figures for the premiums paid. The premiums are paid on the basis of one cent on 93 score and two on 94, and the amount of money paid in the different provinces last year, 1947-48, up to the first of April of this year, was: Prince Edward Island, $459.89; New Brunswick, $1,407.52; Quebec, $98,733.57; Ontario, $801,330.23; Manitoba, $4,635.13; Saskatchewan, $283.02; Alberta, $8,387.04; British Columbia, $3,907.23; making a total of cheese premiums of $919,143.63.

Mr. CHARLTON: I understood that the figures given before included premiums and subsidies for building.

Mr. McCUBBIN: No. The figures I gave before were for construction. This is premiums.

Mr. CHARLTON: What year was that for, in connection with construction?

Mr. McCUBBIN: That was 1947-48.

Mr. CHARLTON: The figure here was only $200,000, and I understood that the figure for

Quebec was $600,000 in subsidies for construction and that the figure for Ontario was something like $400,000, which makes a total of $1,000,000 right there. The total figure for last year was only $200,000, as I understood it.

Mr. McCUBBIN: The Quebec figure for the amalgamation, insulation and refrigeration and pressing equipment—that is, on the building—is $668,798.

Mr. CHARLTON: That is just the building subsidy.

Mr. McCUBBIN: Yes, and the pressing equipment. It is the amalgamation, insulation and refrigeration and pressing equipment.

Mr. CHARLTON: What was the figure for Ontario?

Mr. McCUBBIN: I gave Quebec. The province of Ontario figure was $341,535. There was another one in Saskatchewan. It was Saskatchewan the hon. member for Kindersley was asking for, was it?

Mr. JAENICKE: Yes.

Mr. McCUBBIN: Nothing was paid in Saskatchewan.

Mr. JAENICKE: That is the only province in which nothing was paid?

Mr. McCUBBIN: Yes. There are not many cheese factories in Saskatchewan anyway.

Mr. JAENICKE: What is the condition under which those premiums are paid? I did not understand that.

Mr. McCUBBIN: It is entirely on quality, not on quantity.

Mr. JAENICKE: Is that on cheese that is exported.

Mr. McCUBBIN: On all cheese.

Mr. JAENICKE: For domestic use as well.

Mr. McCUBBIN: Yes.

Mr. JAENICKE: Have you an inspector in Saskatchewan to look at the cheese—

Mr. McCUBBIN: Yes.

Mr. JAENICKE: —to see whether or not it is eligible for premium?

Mr. McCUBBIN: That is right.

Mr. CHARLTON: I should like to point out that it seems peculiar that in last year's estimates the amount for subsidies for construction and reconstruction of cheese factories was only $200,000. The subsidies in two provinces alone are over $1,000,000. Yet the estimate for this year is only $400,000. I think that requires some kind of explanation.

Mr. WEBB: I do not think they divided their figures very well.

Mr. McCUBBIN: The amount is the same this year as it was last year.

Mr. CHARLTON: The amount of which?

Mr. McCUBBIN: The total for premiums and for subsidies.

Mr. CHARLTON: The total amount is the same?

Mr. McCUBBIN: Yes.

Mr. CHARLTON: But the amounts set aside in the estimates at page 108 are $400,000 in subsidies for building and $1,300,000 for premiums on high quality cheese.

Mr. McCUBBIN: Yes.

Mr. CHARLTON: Do you take some of the amount that is set aside for premiums, for subsidies, if you do not have enough for the subsidies alone?

Mr. WEBB: I think we had better start all over again, Mr. Chairman. There are two items here. All we are trying to do is to have those two items split up. There is a subsidy for construction, et cetera, and then there is a premium on high quality cheese. The parliamentary assistant must be amalgamating them there somewhere.

Mr. McCUBBIN: I am sorry, but I was getting into the wrong figures. There are too many figures here for me. I will give them over again and I would ask hon. members to check them. I would ask them to mark them down.

Mr. WEBB: What are we talking about now?

Mr. McCUBBIN: We are talking about subsidies in connection with amalgamation, refrigeration, insulation and building, whatever you like to call it. I was getting at the wrong figures. The figures are as follows:

New Brunswick	nil
Prince Edward Island	nil
Quebec	$ 35,192.31
Ontario	100,620.19
Manitoba	nil
Alberta	2,630.52
British Columbia	nil

Mr. JAENICKE: What about Saskatchewan?

Mr. McCUBBIN: There could not have been any paid in Saskatchewan because the figures are not shown here at all.

Mr. JAENICKE: What was that $283 the parliamentary assistant told us about a little while ago? What figure is that?

An hon. MEMBER: That is wrong.

Mr. JAENICKE: What is that $283.02 that he told us about?

Mr. McCUBBIN: That was for premiums on quality.

Mr. JAENICKE: I did not understand that.

Mr. KNIGHT: In view of the disparity between the amount of premiums in the two provinces, will the parliamentary assistant tell us what is the production for Alberta and Saskatchewan? In other words, what is the production of cheese in those two provinces, in pounds?

Mr. McCUBBIN: The total make of cheese, that is, for 1947—

Mr. JAENICKE: Is that the same period for which the premiums have been paid?

Mr. McCUBBIN: This is a calendar year. The premiums cover a fiscal year, from April 1, 1947 to April 1, 1948. But what I am giving is the calendar year of 1947.

Mr. JAENICKE: All right.

Mr. McCUBBIN: The figures are as follows:

	Pounds
Prince Edward Island	658,000
Nova Scotia	nil
New Brunswick	737,000
Quebec	24,812,000
Ontario	88,895,000
Manitoba	3,590,000
Saskatchewan	380,000
Alberta	3,111,000
British Columbia	533,000

Mr. CHARLTON: Those figures are for the year ended December 31, 1947?

Mr. McCUBBIN: Yes.

Mr. CHARLTON: Could the parliamentary assistant give the total for that year and the total for the year previous, so that we may see the reduction?

Mr. McCUBBIN: I have the figures for the calendar year 1946:

	Pounds
Prince Edward Island	737,000
Nova Scotia	nil
New Brunswick	970,000
Quebec	43,195,000
Ontario	96,367,000
Manitoba	3,228,000
Saskatchewan	440,000
Alberta	3,258,000
British Columbia	689,000

Manitoba was the only province showing an increase in 1947 over 1946.

Mr. TUSTIN: The first item shown in the details for this vote deals with the subsidy for cheese factories and equipment. When this item came up last year I asked the minister why it had been reduced to $200,000, and he told me it was because most of the factories had been reconstructed and re-equipped. Taking the figures the parliamentary assistant has just given, I find that the subsidies paid amounted to less than $140,000 out of the $200,000 voted last year; yet this year there is an increase to $400,000. Is it expected that there will be much more improvement in cheese factories this year than last year?

Mr. McCUBBIN: Yes, that is the feeling of the department. Materials are becoming more plentiful, but at the same time they are getting more expensive. Nevertheless we hope there will be an increase in the construction and equipping of these factories.

Item agreed to.

Special—

37. Agricultural research special projects, $200,000.

Mr. TOWNLEY-SMITH: The first item in the details shows $30,000 for salaries and wages. Does that include salaries being paid the scientists working on that project?

Mr. McCUBBIN: This item is for agricultural research, and it concerns the projects at Lethbridge and Swift Current.

Mr. TOWNLEY-SMITH: My question was whether the item of $30,000 includes the salaries being paid scientific workers on those projects.

Mr. McCUBBIN: The amount of $30,000 covers wages and salaries.

Item agreed to.

Special—

38. Land reclamation and development in British Columbia under such terms and conditions as may be approved by the governor in council, $130,000.

Mr. JONES: I should like to know to what lands this particular item has reference.

Mr. McCUBBIN: If the hon. member will wait for just a moment I can give him the information.

Mr. McCULLOUGH (Assiniboia): I have looked through the estimates but have been unable to find an item under which I could deal with a subject I wish to bring to the attention of the parliamentary assistant. This item is for land reclamation and development in the British Columbia area. I have in my constituency an important project commonly called the Souris river project, but there is

no provision in any estimate for that work. This year we had the misfortune of flood conditions, and much valuable grazing land was flooded. In addition the Saskatchewan prairie nurseries were severely damaged.

I have taken up this matter with the department of agriculture at Regina and with Mr. Gray of the P.F.R.A.; and I believe it is well known to the government that this Souris-Estevan project in the valley of the Souris river takes in from three to ten thousand acres of land. If we could get assistance from the federal government to control flood conditions in the spring, we could rehabilitate some thirty or forty families of veterans. I am quite interested in the matter because, as Mr. Gray of the P.F.R.A. states, through the pump irrigation system we could supply the land in that area perhaps more cheaply than at any other project in Saskatchewan. So next year I hope an item will be brought in under which we shall see some real development there.

Mr. McCUBBIN: I should think that could be handled under the P.F.R.A.

In reply to the hon. member for Yale, the project in question is near Kamloops. It is a Veterans' Land Act proposition. We do a part; the province does a part, and the Veterans' Land Act administration does a part. It is a three-way project.

Mr. JONES: Is there any other item through which the Minister of Agriculture intends to carry out his promise made during his recent visit to Yale, to develop the land around Westbank?

Mr. McCUBBIN: The project at Westbank also comes partly under this item.

Mr. JONES: Is the work at Westbank to be proceeded with?

Mr. McCUBBIN: That is the intention of the department.

Mr. JONES: Is it in these estimates? This sum would barely cover half the cost, and it is for Kamloops.

Mr. McCUBBIN: It is just to make a start; once you get started, it will be carried on further.

Mr. JONES: Kamloops is 100 miles from Westbank.

Mr. McCULLOUGH (Assiniboia): How are these appropriations spent? We have quite large votes here, and I understand from the parliamentary assistant to the minister that some of these problems can be handled by the P.F.R.A. I quite agree with that; yet here we have a vote for $200,000 for clearing and settlement of new land under such terms and conditions as may be approved by the governor in council. How much of that was spent, and by whom?

[Mr. McCullough (Assiniboia).]

Mr. McCUBBIN: I think the hon. member is dealing with the next item. We would wait for an application from the province and then we would assist.

Mr. McCULLOUGH (Assiniboia): I am happy to hear the parliamentary assistant to the minister say that, because some of us have been asking for these things for years. If the parliamentary assistant will come to my constituency I can show him one proposition which is capable of development and which would provide many happy and contented homes for veterans, provided that we can get some assistance from the federal government.

Item agreed to.

Special—

39. Clearing and settlement of new lands under such terms and conditions as may be approved by the governor in council, $200,000.

Mr. HARKNESS: I am a little confused by the discussion which has gone on. Do these new lands have anything to do with veteran settlers? What are these new lands for, and who are the people it is proposed to settle on them?

Mr. McCUBBIN: When any group of settlers, veteran or otherwise, want to settle on new lands, if the province wishes to assist them and will make application to the dominion, the dominion will give assistance through this vote.

Mr. HARKNESS: Was any of the money, voted last year, spent?

Mr. McCUBBIN: No application came from any province.

Mr. McCUAIG: There is one project in my riding where I understand that the department will not give title to the land. Some of the returned men there want to buy land but they cannot obtain title.

Mr. McCUBBIN: Is the hon. member not discussing P.F.R.A.?

Mr. McCUAIG: Yes.

Mr. McCUBBIN: We are far past that. If the hon. member for Maple Creek wishes to get the information we will certainly give it to him.

Item agreed to.

Special—

41. For assistance in construction of potato warehouses under regulations to be approved by the governor in council, $100,000.

Mr. FRASER: Where are these warehouses? I was wondering what facilities there are in Canada to hold potatoes over until the spring or summer. Just the other day I bought 10 pounds of Prince Edward Island potatoes for a friend of mine and I had to pay 87 cents.

Mr. McLURE: The hon. member got them quite cheap.

Mr. FRASER: I think they are extremely nice potatoes, but a little high in price.

Mr. McLURE: How much of this item was spent last year to assist in the construction of potato warehouses? Have regulations yet been approved by the governor in council with regard to the building and construction of potato warehouses? How is this assistance given? Does application have to be made at a certain time of the year? My province is probably more interested in this than most provinces, and I should like to have that information.

Mr. McCUBBIN: The hon. member for Queens is certainly justified in asking for that information, because his province gets all the money. The co-operative make application to the province and, if they will put up 25 per cent and the province will put up 37½ per cent, the dominion puts up the other 37½ per cent. It is a three-way split, 75 per cent between the dominion and the province and 25 per cent by the co-operative.

Mr. McLURE: Can an individual do that, or must it be a co-operative?

Mr. McCUBBIN: I am told that it must be a co-operative.

Mr. CHARLTON: The parliamentary assistant to the minister said it was all spent in Prince Edward Island.

Mr. McCUBBIN: Yes, because that was the only province that made application.

Mr. CHARLTON: The other provinces could get a share, but they just did not apply?

Mr. McCUBBIN: If a co-operative in your district or mine will make application to the department at Toronto and the province passes on it we would be willing to pay our share.

Mr. McLURE: Can I take it for granted that this $100,000 will be set aside for Prince Edward Island?

Mr. McCUBBIN: I would not say that.

Item agreed to.

At six o'clock the committee took recess.

After Recess

The committee resumed at eight o'clock.

Special—

42. Agricultural Products Act—To provide for losses incurred in respect of the purchase, sale and export of agricultural products under the Agricultural Products Act, including authority for the Minister of Finance, at the request of the Minister of Agriculture, from time to time, to pay amounts in the aggregate not exceeding $40,000,000 out of any unappropriated money in the consolidated revenue fund as recoverable advances, $100,000.

Mr. TOWNLEY-SMITH: I see that $100,000 was appropriated in 1947-48. How much of that was spent?

Mr. McCUBBIN: This item is for the purchase and sale of products to the United Kingdom under the British agreements. Not a single dollar was spent last year, and none may be spent this year, but we have to set aside a certain amount for use if necessary.

Mr. McLURE: Are fur products included under this item?

Mr. McCUBBIN: No, just agricultural products such as beef, bacon, cheese, eggs and so forth.

Mr. McLURE: Under what item do furs come? They are under the prices support board.

Mr. McCUBBIN: No, not to my knowledge.

Mr. McLURE: The prices are supported on the market in a decline. I think they come under the marketing act as one of the products of the farm.

Item agreed to.

Demobilization and reconversion—

43. Freight assistance on western feed grains, $7,750,000.

Mr. HARKNESS: Would the parliamentary assistant explain the present situation regarding freight assistance on western feed grains? This item shows the biggest reduction from last year, but I understand that a further amount is to appear in the supplementaries. Just what is the situation?

Mr. McCUBBIN: This amount covers the period from April 1 to August 1 of this year, and a further amount will appear in the supplementaries to cover the period from August 1, 1948, to July 31, 1949.

Mr. CASTLEDEN: Does this include freight assistance given to eastern millers on the bran portion of the wheat which they turn into flour?

Mr. McCUBBIN: This covers feed grains only.

Mr. CASTLEDEN: It includes no assistance on bran?

Mr. McCUBBIN: No.

Item agreed to.

Demobilization and reconversion—
44. Freight assistance on agricultural lime for soil amendment purposes, $350,000.

Mr. TOWNLEY-SMITH: To which provnces is this assistance being given?

Mr. McCUBBIN: Most of it went to the maritime provinces and Quebec. The amounts paid were, in round figures: Prince Edward Island, $18,654; Nova Scotia, $28,141; New Brunswick, $51,686; Quebec, $149,978; Ontario, $5,698; British Columbia, $4,550.

Mr. TOWNLEY-SMITH: I notice that the prairie provinces are not included. I think it is an excellent idea to assist farmers who are anxious to amend their soil. In the prairie provinces we have a deficiency of phosphorus, and a large quantity of it is supplied in the form of phosphatic fertilizers. I would suggest to the parliamentary assistant that it might be a good idea from the economic point of view to assist our farmers in the west who use these phosphatic fertilizers, just as assistance is given to other provinces which are using lime.

Mr. McCUBBIN: This does not refer to soil fertilizers but only to limestone for soil amendment purposes.

Item agreed to.

Demobilization and reconversion—
46. Meat board, including quality premiums on A and B1 grade hog carcasses, $6,153,702.

Mr. CASTLEDEN: What were the amounts paid in 1947 to the packing companies, to which companies were payments made, and what was the number of carcasses on which the special bonus was paid?

Mr. McCUBBIN: The premium was not paid to the packing companies but to the producers entirely.

Mr. CASTLEDEN: Through the packing houses?

Mr. McCUBBIN: Yes.

Mr. CASTLEDEN: Is there any grading of these hogs as A and B1 hams when they come on the domestic market?

Mr. McCUBBIN: No.

Mr. CASTLEDEN: So that the premium is not reflected in the price.

Mr. McCUBBIN: Not a particle.

[Mr. Castleden.]

Mr. HARKNESS: The vote is approximately the same as last year, so that the department, I take it, estimates that the number of A and B1 hogs will be approximately the same as last year. Is the vote approximately the same because you estimate the total production will be about the same as last year, or because you estimate that the quality will be improved though the total production may be decreased? What is the situation in regard to that? Why is the same amount being appropriated as last year.

Mr. McCUBBIN: It is very difficult to estimate at this time, but we feel that it will be approximately the same as last year.

Mr. HARKNESS: Can the minister tell us whether the policy of paying a premium has been successful, as shown by the fact that, relatively speaking, there are more A hogs and B1 hogs as time goes on? As I understand it, the purpose of this is to get improved quality. Can we have any information as to whether the system has been successful and whether quality is improving?

Mr. McCUBBIN: As near as we can figure it out, it is just about holding even over the years, although the subsidy or bonus, whatever you like to call it, should not be discontinued. I feel that it is a help to the hog producer of this country. It encourages him to produce quality hogs rather than quantity. The quality has not changed much over the years.

Mr. HARKNESS: Being in the hog business myself, I certainly do not think the premium should be discontinued. What I was trying to get at was what effect it has actually had on production in the matter of increasing quality. The last figures I saw showed that, out of eighty grade carcasses in the west, relatively speaking, the percentage of selects was considerably less than the number in eastern Canada. Has this situation been corrected to any extent? Is there any explanation of the situation? Apparently the A and the B1 grading in the east are considerably higher than in the west. Naturally a lot of hog producers in the west look on that situation with a considerable amount of suspicion. Can the parliamentary assistant give us any information in regard to that point?

Mr. McCUBBIN: That is a very hard question to answer. Why there should be more grade A's and B's in Ontario than in western Canada might be easily answered by saying that we are more particular in the types of hogs we try to produce in eastern Canada than they are in western Canada.

Mr. McLURE: I should like to give the hon. member for Calgary East an answer to his question as recorded in *Hansard* of last year when this matter was discussed. At that time the Minister of Agriculture said that the best bacon hog in Canada, in fact in the world, was the bacon hog of Prince Edward Island. I just want to say to the hon. member for Calgary East that the quality of the hogs in the west will improve very soon, because within the last six months no fewer than four carloads of pigs have been shipped from Prince Edward Island out to that section of the country for breeding purposes. Last week two carloads of breeding sows were shipped from Prince Edward Island to Ontario. It is worthwhile to turn up the record of last year and see what the Minister of Agriculture said with reference to the quality. I do not want to be too boastful, but the Minister of Agriculture said at that time that any good farmer who would buy one of these good sows from Prince Edward Island and have a litter of ten, provided that he knew how to raise hogs, would have no difficulty in having ten select premium A's, unless there was one runt.

Mr. McCUBBIN: It is a well known fact throughout Canada that Prince Edward Island does raise a high-quality hog. I am glad to hear the hon. member say that sows from that province are going into other provinces where they may assist in every way to improve the quality of hogs. We want to assist in the years that lie ahead. If we are to hold the British bacon market it will depend on quality hogs.

Mr. HACKETT: With your consent, Mr. Chairman, and with the consent of the parliamentary assistant and the committee, I ask to be permitted to put a few questions on item 45. I have been here consistently for the last week—

The DEPUTY CHAIRMAN: Order. Let us pass item 46 first.

Mr. ROSS (Souris): I presume that this is the board which handles the processed beef which goes to Britain under the contract and to other European countries.

Mr. McCUBBIN: Yes.

Mr. ROSS (Souris): Can the parliamentary assistant tell us where they enter into the shipment of beef to the United States? Is it intended that they shall handle the bulk of the beef which is shipped to the United States in processed form? Under the negotiations that are being entered into, will producers be able to ship their live cattle to the United States as was done prior to the embargo of 1942?

Mr. McCUBBIN: When the embargo is lifted there will be free and open marketing as far as beef cattle are concerned. Any farmer or any shipper will be able to ship as he did in past years, and the beef will not be handled under any meat board or association of any kind.

Item agreed to.

Demobilization and reconversion —

47. Special products board, $25,000.

Mr. McCUBBIN: I want to be clear where we are. We have passed item 46 and are going back to item 45.

Mr. HACKETT: I am asking the committee to revert to item 45.

The DEPUTY CHAIRMAN: I thought we would deal with these two items, and then the hon. member for Stanstead could raise his point on item 45.

Mr. CHARLTON: I have a question to ask. In the auditor general's report, two items appear on pages 20 and 21. I asked the Minister of Agriculture a question when the estimates were up before. On pages 20 and 21, items Nos. 61 and 62, having to do with the production of seed, are detailed. I think I had better read No. 61 because it is hard to understand:

> Vote 477. Beginning in 1943-44, the agricultural supplies board entered into contracts with growers, under a plan styled "The dominion seed program", to ensure adequate production of vegetable seeds. Seed produced by growers, but not disposed of by them, was purchased by the board and stored pending resale. The cost of seed thus purchased was $234,358.74, including freight and storage. Sales amounted to $9,615.25. Thus, $224,743.49 is invested in 208,898 pounds of unsold seed.

That comes to $1.07 a pound. Can the parliamentary assistant give some explanation of the item?

Mr. McCUBBIN: The hon. member for Brant has brought up this question before. I had a little statement prepared. If hon. members do not mind I should like to read it. This may not be the information desired, but, if not, the hon. member can question me further. After the harvesting of the 1946 crop, world prices of many kinds of vegetable seeds dropped considerably. This was particularly true with respect to carrot and onion, two kinds which the board held in considerable quantity. During the latter war years it was possible to dispose of all amounts of seed in excess of domestic requirements to such agencies as UNRRA. The policy of the agricultural supplies board was to avoid offering its holdings on the domestic market at prices lower

than those prevailing. Efforts to dispose of the seed were, therefore, largely confined to the export market, and the final sale was made in 1947 for post-UNRRA relief purposes.

Figures referred to in the auditor general's report for 1947 cover purchases and sales to March 31, 1947 only. Obviously, all seed which the agricultural supplies board purchased and was unable to dispose of immediately was held in storage for resale. Since March 31, 1947, the dominion seed program has been brought to a close; and the following figures cover activities, not only up to March, 1947, but up to the conclusion of the program. A total of 237,403 pounds of seed was purchased at a net cost of $238,093.36, including freight and storage. Total sales amounted to 216,985 pounds, and $123,772.94 was recovered. Purchases exceeded sales by 20,418 pounds.

The total loss of money involved for the entire period that the program was in effect amounted to $114,320.42, which was accounted for by (a) the reduction in resale value and (b) the loss of 20,418 pounds of seed which had to be destroyed owing to loss in germination while in storage.

Mr. CHARLTON: Part of the 200,000 pounds odd has been sold since this report came out. Did that cover onion seed alone?

Mr. McCUBBIN: There were seeds of almost every variety in it, such as beets, mangels, spinach, cauliflower, lettuce, carrots, cucumbers, radishes, parsnips, tomatoes, and so on.

Mr. CHARLTON: In what provinces was it carried out?

Mr. McCUBBIN: Mostly in British Columbia and Nova Scotia, and some in Ontario.

Mr. HERRIDGE: In the fall of 1945, I brought up the question of the appointment of an egg inspector for the southern interior of British Columbia, and the minister said then it was impossible to appoint one, owing to shortage of staff. I raised the matter again in 1946 and was assured that it would be taken into consideration. Again in 1947 I brought it up and it was still being considered. The southern interior of British Columbia is still without an egg inspector.

We have had an increasing poultry industry in that part of the province. I am referring to that portion of British Columbia which extends from the Okanagan valley to the Alberta boundary, being bounded on the north by the main line of the Canadian Pacific railway and on the south by the international border. A good many eggs from this district are shipped to the special products board, while great numbers are sold locally in the stores. The organized poultry men have been anxious for some years to have an egg inspector appointed to assist in instructing those who are shipping eggs to the special products board and also for the purpose of having a check on sales in the domestic market. They have made frequent representations to the department in this respect, and so have I on their behalf, but so far nothing has been done. I urge the parliamentary assistant to bring the matter again to the attention of the minister, because at the present time the poultry industry in the southern interior of British Columbia cannot be properly serviced, so far as this aspect of inspection is concerned, by the inspector located in Vancouver.

Mr. McCUBBIN: One of the officials of the poultry division of the Department of Agriculture is leaving for British Columbia next week, and the matter will be drawn to his attention to see whether something can be done.

Mr. McKAY: Can the parliamentary assistant say why there is this substantial reduction in this item for this year, amounting to $59,000? May I ask a further question with regard to the details of services given on page 110 of the estimates? Of the expenditures this year amounting to $25,000 under the special products board, $20,000 consists of miscellaneous items. That sounds odd to me, and I think we should have a breakdown, because if you have $4,000 for temporary assistance; services of forwarding agencies, $1,000, and $20,000 for miscellaneous, it would seem that an explanation is called for.

Mr. McCUBBIN: The reduction from $84,000 to $25,000 is accounted for by the fact that this is practically all for departmental administration, salaries. There is a cutting down in this department and that is the reason for the reduction.

Mr. McKAY: Are the activities being definitely cut down?

Mr. McCUBBIN: Some of the officials who were in the department, such as egg inspectors, have been transferred back to the Department of Agriculture, and they will not be paid through this vote but through departmental votes. It is a reconversion period, and it is simply a matter of the changing of officials who are being paid through a different channel.

Mr. McKAY: What about my question with regard to the miscellaneous item of $20,000?

Mr. McCUBBIN: The $20,000 covers travel, telegrams, telephone calls. It includes the expenses of our officials who are going around the country under the board.

Mr. McKAY: How many officials are there on the board?

Mr. McCUBBIN: It is difficult to give a direct answer to that question. There are the expenses of the advisory committees who are brought in under the special products board. Their expenses are all paid and they are numerous. It would require a good deal of research to get the information for which the hon. member asks.

Mr. McKAY: The parliamentary assistant cannot tell me how many officials there are on the board?

Mr. McCUBBIN: There are four officials on the board. That covers all other expenses of members on the advisory committees as well.

Mr. GILLIS: What is the function of these advisory boards?

Mr. CASTLEDEN: The same as the fish board.

Mr. McCUBBIN: With regard to all these boards, the members come from any of the provinces in the different parts of Canada. They come here to advise upon things like egg contracts; or if it were the meat board, it would be meat contracts. They advise in respect of these various products that are shipped overseas. I think it is a legitimate thing. It is something that the federation and other organizations have been asking for. I think producers in the different parts of Canada should be consulted in an advisory capacity.

Item agreed to.

The DEPUTY CHAIRMAN: The hon. member for Stanstead wishes to revert to item 45, dairy products board.

Demobilization and reconversion—

45. Dairy products board, $19,546.

Mr. HACKETT: I should like the parliamentary assistant to tell the committee how many pounds of creamery butter were produced in each of the years 1947, 1946, 1945, and the first three months of 1948.

Mr. GRANT: You might as well ask for 1932.

Mr. McCUBBIN: To answer the question asked by the hon. member for Stanstead, I have here the amounts for the different provinces. Is that what the hon. member wants?

Mr. HACKETT: Yes.

Mr. McCUBBIN: I have the figures for 1946 and 1947. I have not them for 1945.

Mr. HACKETT: Have you any for 1948?

Mr. McCUBBIN: No, I have not any for 1948. I am told that we may have them. I think we have them here. But we will give the others first and then give those for 1948. Is that satisfactory?

Mr. HACKETT: Yes.

Mr. McCUBBIN: The figures are as follows:

Butter Production

Province	Pounds	
	1946	1947
Prince Edward Island ..	3,896,000	3,660,000
Nova Scotia	6,988,000	6,617,000
New Brunswick	6,921,000	6,908,000
Quebec	85,355,000	97,527,000
Ontario	69,171,000	77,030,000
Manitoba	26,049,000	26,265,000
Saskatchewan	37,025,000	36,330,000
Alberta	30,744,000	32,068,000
British Columbia	5,332,000	4,436,000

Mr. HACKETT: Has the parliamentary assistant the figures for the first three months of 1948?

Mr. McCUBBIN: I did not hear the question.

Mr. HACKETT: Are the figures the parliamentary assistant intends to give now, those for the first three months of 1948?

Mr. McCUBBIN: No. I will give the figures for the five-month period to June 1; from January to the end of May. The figures are as follows:

Butter Production (January 1—June 1, 1948)

Province	Pounds
Prince Edward Island	784,000
Nova Scotia	1,987,000
New Brunswick	1,600,000
Quebec	19,305,000
Ontario	24,661,000
Manitoba	7,804,000
Saskatchewan	9,972,000
Alberta	9,633,000
British Columbia	1,676,000

Mr. ROWE: Is that for four months?

Mr. McCUBBIN: That is for the five months, January to June 1.

Mr. ROWE: Has the parliamentary assistant the relationship between those figures and those for the five months of 1947? Is there an increase over 1947?

Mr. McCUBBIN: I have not checked that up, but I have the figures for the first five months for 1947, the same as I have for the first five months of 1948, if the hon. member wishes them for purposes of comparison.

Mr. ROWE: Is there an increase? If so, what is the percentage?

Mr. McCUBBIN: I have not checked that up yet. There is a 6·6 per cent decrease.

Mr. ROWE: A 6·6 per cent decrease in the first five months this year?

Mr. McCUBBIN: Yes, over the first five months of last year.

Mr. ROWE: A six per cent decrease.

Mr. HACKETT: In order to make arithmetic easy, since there appears to have been produced in the first five months of 1948 in the province of Quebec, 19,305,000 pounds, let us say that it is 20,000,000 pounds. That would be 4,000,000 pounds to the month. If you multiply that by twelve, you will get 48,000,000 pounds for the year. I am aware that this would not be a fair method of computation, because naturally there is more butter produced during the summer season than during the winter season; but the difference is not 50 per cent. I should like the parliamentary assistant to state, if he can, the anticipated production of butter for the year 1948, and if it exceeds 60,000,000 pounds.

Mr. McCUBBIN: The hon. member's arithmetic may be all right in practice, but it is not all right in butter making, if he is quoting four winter months to us.

Mr. HACKETT: Five months.

Mr. McCUBBIN: Yes, four winter months and one summer month.

Mr. HACKETT: That is right.

Mr. McCUBBIN: Of course, the high period will be in June and July.

Mr. HACKETT: I am aware of that.

Mr. McCUBBIN: Of course I can only take last year's figures. In the province of Quebec there was an increase of 12,000,000 pounds in 1947 over 1946. What it will be this year no one can answer until the end of the year.

Mr. HACKETT: I understand that the parliamentary assistant has not the figures for the first five months of the years 1946 and 1947.

Mr. McCUBBIN: I have for 1947.

Mr. HACKETT: What are they?

Mr. McCUBBIN: I have them for 1947, yes. Do you want them for the province of Quebec?

Mr. HACKETT: We might take them all.

Mr. ROWE: Let us have the figures for Quebec and Ontario, the largest producers.

Mr. HACKETT: Will the parliamentary assistant give us the figures for Quebec and Ontario?

Mr. McCUBBIN: In the province of Quebec there is little change. In the first five months 20,942,000 pounds were produced in 1947 and 19,305,000 pounds in 1948.

Mr. ROWE: That is in Ontario?

Mr. McCUBBIN: That is Quebec. In the province of Ontario the figures are 26,349,000 pounds in 1947 and 24,661,000 pounds in 1948.

Mr. HACKETT: Then will the parliamentary assistant please state how many head of dairy cattle were exported in 1945, 1946, 1947 and 1948?

Mr. McCUBBIN: I am sorry I have not those figures for the hon. member for Stanstead, but I have seen them and, if my memory serves me aright, this year they are a little in excess of last year. More cattle were shipped this year.

Mr. HACKETT: And last year was a little in excess of the year before?

Mr. McCUBBIN: I am comparing the first five months of this year with the first five months of last year; but I am not in a position to say how great the excess may be.

Mr. HACKETT: Then will the parliamentary assistant be good enough to say how much butter was imported into Canada in 1945, 1946, 1947 and 1948?

Mr. WARREN: Just before that question is answered, I wonder if the hon. member for Stanstead would permit a question. The hon. member seems to be handling the dairy industry for the official opposition, and I should like to know if he has ever had the pleasure of milking a cow.

Mr. ROWE: No, but he knows more than the cow.

Mr. HACKETT: I do not think I shall waste the time of the committee on this line of argument. I have had some experience from which I hope I have derived profit, and when that experience becomes pertinent I shall draw upon it. In the meantime, I should be glad if the parliamentary assistant would answer the question.

Mr. McCUBBIN: The hon. member wanted the information for some years back?

Mr. HACKETT: I asked for it from 1945 on.

Mr. McCUBBIN: The figures are as follows:

	Butter imported
	Pounds
1943	1,154
1944	740
1945	3,495
1946	25,692
1947	5,118,869

Mr. HACKETT: Has any butter been imported in 1948?

Mr. McCUBBIN: A few pounds were imported, perhaps two or three hundred pounds.

Mr. HACKETT: Then will the parliamentary assistant be good enough to say what the price of creamery butter is in Canada at the present time?

Mr. McCUBBIN: The hon. gentleman realizes that the ceiling price is sixty-seven cents. I have today's prices on the commodity exchange. Will that be all right?

Mr. HACKETT: Yes.

Mr. McCUBBIN: There were 600 boxes at 66⅜ cents and 400 boxes at 66½ cents, making a total of 1,000 boxes.

Mr. HACKETT: Then can the hon. gentleman give the latest prices he has for the same commodity in the United States?

Mr. McCUBBIN: From 80½ to 81 cents.

Mr. HACKETT: I want to thank you, Mr. Chairman, and the committee for permitting me to get this information at a time which may not have been convenient to all concerned.

Mr. CHARLTON: The figures the parliamentary assistant put on *Hansard* were for imports of butter. Would he place beside those figures the exports of butter in each of those years, so that we may get the net position? I think it is rather misleading now.

Mr. McCUBBIN: I shall have that information in a moment.

Mr. CHARLTON: I believe the parliamentary assistant will find that there were exports in each of those years, and that the net position will be an export position.

Mr. MACDONNELL (Muskoka-Ontario): From time to time one hears alarming and, for all I know, exaggerated predictions as to the butter shortage we shall face later in the year. Can the parliamentary assistant make any comment on that? Has the department any forecasts which may be given now either to prove or to disprove these assertions? I have heard that a shortage of 30,000,000 pounds is anticipated.

Mr. McCUBBIN: I am not in a position to answer that question. The hon. member for Muskoka-Ontario is speaking of rumours. Though production may not be as high as it was last year, we still have the production for seven months to come in, and I have every reason to believe that production in Canada will take care of the consumption for next winter.

Mr. SMITH (Calgary West): Well, Mr. Chairman, this is not a rumour; it is a fact that we are short 30,000,000 pounds right now. This is a prognostication, but it is quite possible and even probable that we shall have no butter at all, at least not nearly enough butter to supply our own people, next November. Are those not facts?

An hon. MEMBER: No.

Mr. SMITH (Calgary West): Who said that?

Mr. WARREN: I did.

Mr. SMITH (Calgary West): Why don't you ask someone who knows something about it?

Mr. WARREN: There is good grass.

Mr. McCUBBIN: I am not in a position to dispute what the hon. member for Calgary West has just said, but I do not think anyone can say how much we are short at the present time.

Mr. COCKERAM: We are short, though?

Mr. McCUBBIN: I am not saying we are short. The consumer is getting all the butter he wants now, and at the ceiling price, a curtailed price, for which he should be thankful. The producer is not kicking; he is getting a fair price. When you have the producer and the consumer satisfied you have gone a long way. As far as next winter is concerned, we still have seven good months ahead of us, and I hope that production will be high enough to take care of consumption next winter, though of course I am not a prophet and do not wish to prophesy.

The DEPUTY CHAIRMAN: Order. I would remind hon. members that this item was passed quite some time ago.

Mr. SMITH (Calgary West): Oh, no.

The DEPUTY CHAIRMAN: What did the hon. member say?

Mr. SMITH (Calgary West): I beg your pardon, sir.

Mr. MACDONNELL (Muskoka-Ontario): Surely no one wants to be technical about this very important matter.

The DEPUTY CHAIRMAN: We do not want to get into a long discussion on an item already passed.

Mr. MACDONNELL (Muskoka-Ontario): I appreciate the technical point, but you, Mr. Chairman, and the parliamentary assistant were good enough to waive that, and surely the substance of the discussion war-

rants further inquiry. May I ask the amount in storage now as compared with the amount in storage a year ago?

Mr. McCUBBIN: I hope I have the right answer for the hon. member for Muskoka-Ontario. On June 1, 1947, there were in storage 23,883,885 pounds of creamery butter, and on June 1 this year, the amount in storage was 19,796,000 pounds.

Mr. McCULLOUGH (Assiniboia): Being a farmer, I know a little about this. We have heard from a lot of pseudo-experts tonight. I want to tell my hon. friends to my right that, since I have come into the house, they have advocated a policy which has brought about the situation we are facing today.

The DEPUTY CHAIRMAN: If the hon. member wishes to ask the parliamentary assistant any question on this item he should do so.

Mr. McCULLOUGH (Assiniboia): The reports are that we are about 30,000,000 pounds of creamery butter short in storage as compared with last year. The reason for that shortage is the same as that given by a rancher. He said that when people were prepared to pay prices for cattle they would get the cattle. When our dairy farmer gets the proper price for his dairy products, he will supply them. If necessary, there should be subsidies to meet the costs of production. Then we would have sufficient milk, milk products and butter in this country. My hon. friends to my right are disturbed but this is all due to the policies they have advocated.

Mr. ROSS (Souris): What policies?

Mr. McCULLOUGH (Assiniboia): Decontrol; no subsidies.

Mr. McCUBBIN: The hon. member for Brant asked a question a while ago with regard to exports of butter.

Mr. CHARLTON: I simply wanted to show the export position versus the import position, so that it would not appear we had imported butter every year. We have imported some, but we have also exported.

Mr. McCUBBIN: Last year we exported 3,125,000 pounds, and the year before we exported 4,509,000 pounds to Newfoundland and British West Indies.

Mr. CHARLTON: The net is on the export side?

Mr. McCUBBIN: That is right.

Mr. ROWE: Every person seems to have the belief that there will be a shortage of creamery butter this coming winter. That is understandable perhaps with present prices of milk and milk products. There has been a great deal of controversy with respect to oleomargarine, and this has caused considerable concern among the dairy farmers of Canada. I should like to ask the parliamentary assistant if any consideration has been given to permitting the manufacture of a new substitute for butter. It is said that this can be produced from milk and dairy products. While it has not the same fat value as butter, it is supposed to have the same food value. I understand that its manufacture is prohibited at the present time, but it might provide a substitute for creamery butter. Has application been made to the department for permission to produce this product which could replace creamery butter in a time of critical shortage?

Mr. CRUICKSHANK: Made out of what?

Mr. ROWE: Milk and dairy products.

Mr. McCUBBIN: Some representations have been made to me about it, but no representations have been made to the Department of Agriculture.

Mr. ROWE: Or to the government?

Mr. McCUBBIN: No representations have been made to this department at any rate.

Mr. ROWE: I am simply asking for information; I do not want to embarrass the parliamentary assistant. I understand that this can be manufactured from dairy products, and in a time of critical shortage it could take the place of butter. I think dairymen throughout the dominion would much prefer to have butter replaced with a product produced from milk rather than with oleomargarine.

Mr. CRUICKSHANK: What is it?

Mr. ROWE: It is a substitute for butter. If they were allowed to manufacture it, then I could name it. It is manufactured from milk and dairy products and would be an asset to the dairy industry.

Item agreed to.

DEPARTMENT OF MINES AND RESOURCES

161. Departmental administration, $305,232.

Hon. J. A. MacKINNON (Minister of Mines and Resources): Mr. Chairman, I was sworn in as Minister of Mines and Resources on June 11, eleven days ago. I am not on that account asking for any compassion, although I am very much appreciative—

Mr. ROWE: That is a good item to start with.

Mr. MacKINNON: I have been in close touch in many ways and for many years with the Department of Mines and Resources, the old department of the interior, but from the other side of the desk. My first experience with the department was back in the early days when I was an employee of the then minister of the interior, the Hon. Frank Oliver, publisher of the Edmonton *Bulletin*. I think everybody admits that he was one of Canada's great statesmen.

I should like to give a brief summary of the estimates of the department before we proceed with the individual items. The estimates of the Department of Mines and Resources provide for a considerable increase —$12,150,000—over those of the previous year. In large measure this increase reflects a situation which has been accumulating for a number of years. During the depression and war years, expenditures for improvements in the national parks and Indian reserves and for the development of the Northwest Territories and Yukon were, of necessity greatly curtailed. The result has been that the ordinary facilities in the parks and Indian reserves have so deteriorated that larger appropriations are now required to meet the most urgent needs. We are under most severe pressure from the Northwest Territories and Yukon where we have nearly twenty years of arrears to make up. Normal development of these areas cannot be longer delayed.

With the cessation of hostilities and the resulting increase in available manpower, the mining industry is stepping up its activity and making more requests for mineral dressing investigations. Also, reconversion problems and post-war increase in industrial activity have resulted in many demands for physical metallurgy investigations.

A new laboratory will shortly be completed and equipped with semi-commercial sized rolling mill, extrusion press and other equipment primarily for work on light metals and their alloys. Operation of this laboratory will account for a considerable part of the additional appropriation now asked for.

Similarly, with the forest industry, post-war demands for investigation and research in silviculture, fire prevention and forest management have greatly expanded, and this is reflected in this increase in the estimates. There has been a much larger use of timber in recent years, first to meet the needs of war, and subsequently the demands of peacetime requirements. For many years our industries dependent on the forest for their raw material were able to cut out, and move on to areas of new supplies. There is a limit to the distance that industries can go for supplies, and more industrialists are now giving thought to a policy of forest management to continue production on accessible forest lands.

It will be seen that a large part of the increase in our estimates is to provide funds for the operations of the eastern Rockies forest conservation board, a joint dominion-provincial organization created by statute last year to plan, direct and supervise the construction, operation and maintenance of all projects and facilities required for the proper protection and conservation of the forests and the protection of the watersheds within the area of the eastern Rockies.

The demand for accurate maps for the development of Canada's natural resources, particularly of northern Canada, is reflected in the increase in the appropriations requested for the surveys and mapping units of the department, which include also the charting of our shores. It is intended this year to provide two new hydrographic ships for this purpose.

If Canada hopes to attract United States tourists, it will be necessary to appropriate sufficient funds to ensure that present facilities in our national parks are attractive and adequate and that improvements are made where required. It is particularly important that facilities be made available for the man in the average income bracket. Therefore an active parks program must be initiated at once. A new road development program for the parks is planned, which will include the reconstruction and preparation for hard-surfacing of roads which are inferior in quality and the improvement of hazardous portions of existing roads. A modest building program will also be undertaken.

The government of New Brunswick recently transferred to the dominion an area of land for the creation of a national park, and it is proposed to make a start on the new park this year.

As mentioned before, during the depression and war years expenditures for buildings and other construction projects in the Indian reserves were so curtailed that not only is it necessary now to ask for substantial increases for the repairs to Indian buildings and houses, but the accumulation of new building needs has reached the stage where it is not possible to carry on the administration of Indian affairs without considerably increased appropriations for building purposes.

A substantial increase is required for Indian education. It is proposed next year to provide ninety-seven new classrooms for day school purposes and four residential schools in isolated

locations. There are 12,000 Indian children of school age for whom no educational facilities have yet been provided. We can make some progress with the adult Indian, but the education of the child is where the work must begin if the Indian is to become a useful citizen. His health, habits, energies and ambitions must be supervised and directed, and this can best be done through the school, where early and continuous training will fit him to take his place in the life of the country. This cannot be accomplished without modern, clean, well-lighted school buildings and qualified teachers.

A large part of the increase in the vote for Indian welfare is necessary for the construction of Indian houses. In most cases the Indians build their own houses from material supplied, in many instances the lumber being from their own sawmills. In this way the greatest number of houses is secured with the minimum expenditure of funds.

It is necessary to ask for a considerable increase for immigration purposes also. This is due largely to the necessity of providing adequate facilities both in Canada and abroad to deal with the increasing flow of immigrants and visitors to this country.

Mr. MacNICOL: I do not want to say anything that will bother the minister, because I know he has been only a short time in this department, and I know his whole heart is in the development of this country, particularly the western country and the far north. But there are three general programs I should like to ask a word about, and if the minister cannot answer, that will be all right.

In former years there was always an item in these estimates for proceeding with the work of development of oil from the tar sands at Fort McMurray. I do not see anything in the estimates for that purpose this year; yet I know that this country has an investment there in cash of approximately $2,000,000 in one way or another. If the minister knows, I would ask him just what the position is at Fort McMurray today. The main separation plant was burnt down. I saw it after it was burnt. I may be going there again this year, but I am not sure that I shall have time to go. Can the minister tell the committee just the situation of the buildings there which belong to the government and whether any equipment is still there? If he cannot answer that, I have two other questions to ask.

Mr. MacKINNON: There will be a substantial item in the supplementaries to provide for further research work in connection with the development of the so-called tar sands at Fort McMurray. All the plant and equipment that we had at Waterways has been sold to the Abasand company. They are maintaining the buildings and the refinery.

Mr. MacNICOL: Have they rebuilt the separation plant?

Mr. MacKINNON: No.

Mr. MacNICOL: The refinery, then, is just standing where it was before, at the rear of where the separation plant was located? Is all the equipment under protection? The new Abasand company, an Edmonton company, is under the direction, I believe, of the Alberta government.

Mr. MacKINNON: This is entirely separate from the development down the Athabaska river, which is being assisted by the Alberta government.

Mr. MacNICOL: I do not think I shall worry the minister any more, because I can see he is not familiar with the matter.

I observe an item in the estimates for coal development in the Yukon area, and I am glad to see that item. My hon. friend the member for Yukon is familiar with the Yukon's resources, and I am very glad we have coal in the Yukon. Part of the business of the Department of Mines and Resources should be the development of coal anywhere. Is the minister conversant with the probable development of hard coal in the Highwood area of Alberta?

Mr. MacKINNON: I am familiar in a general way with the coal resources of the Highwood area and other high-grade coal resources in other parts of the eastern slope of the Rockies. I do not know just what information my hon. friend seeks. But he did refer to the development of coal properties in the Yukon. Moneys have been advanced to assist in the opening up of coal deposits there to serve the Yukon on a basis on which the government hopes to be reimbursed through sales.

Mr. MacNICOL: The minister is new in the department. I hope he will be better by next year. The minister will be more familiar with what the department is doing with reference to oil, if it comes under his department. Will he tell us how much oil has been delivered in the Leduc area so far and what the prospects are?

Mr. MacKINNON: I should like to give what answer I can to the hon. member. The so-called Leduc sector of the Edmonton oil field is, as everyone knows, under great development at the present time. Unfortunately, the work there has recently been held

up by a very large producer getting out of control. That difficulty has not yet been fully overcome.

Mr. SMITH (Calgary West): They got it under control the day before yesterday.

Mr. MacKINNON: The hon. member for Calgary West must have later information on that than I have. On my last inquiry I was informed that, although they were making great progress in getting the well under control, they had not yet succeeded. I am delighted to know that the well is now under control.

Mr. SMITH (Calgary West): The last newspaper from the west carried that information.

Mr. MacKINNON: I am sorry, but I cannot give the figures of the amount of oil produced there. The amounts vary from day to day.

Mr. ARCHIBALD: I was pleased to hear the minister say that his department was taking an interest in putting better roads in our national parks. Of course roads in the west are a major problem. The great trouble is that you may have good roads in the parks, but in the process of getting to the parks you wreck your car. I notice in the votes that money is allocated for road construction into the Northwest Territories, and into the Yellowknife district.

Within my own riding we have an area called Atlin, in which placer mining is carried on to a considerable extent. I do not want to ride the Department of Mines and Resources, because I do not believe they are wholly to blame for what happened. It might be this unknown quantity called the treasury board. British Columbia offered to pay their share of the road amounting to $100,000 from Atlin up to the Yukon border if the federal authority would pay their $100,000 and build their half of the road from the British Columbia border to the Alcan highway. This investment of $200,000 would have produced almost as large an amount as that. It would have paid for itself in the actual value of gold produced. On top of that you could liken it to a park area, because perhaps it is the most beautiful townsite in Canada. At Atlin lake there is fishing and hunting for big game. It is my understanding that, although the government of British Columbia offered to pay its $100,000, the federal government would not come through with its half. It would have been an acquisition to the country. It would have been an attraction to the tourists and would have side-tracked many who go to Fairbanks. They would have turned down and gone to Atlin. I should like the department to keep that in mind when making up next year's estimates, because it is impossible to develop that placer mining field unless roads are put in. They cannot get the heavy equipment in until the road is built.

Mr. McCULLOUGH (Assiniboia): I am happy that we have the minister as head of this department. I was glad to hear what he had to say in regard to the government taking action on conservation of our forests and investigation into our mineral resources and how to use them. If we had had proper conservation of our forests in the past twenty-five years we would not have had the terrific forest fires which I myself saw in flying over the Chapleau area of northern Ontario. It is to be regretted that, owing to policies followed in Canada under which timber operators were given large timber berths and allowed to cut the timber and leave slashings in the forests, huge fires have resulted. The department has been unable to prevent terrible losses, amounting to millions of dollars, in our timber berths. I hope that the minister will take measures to guard against further fires of that kind.

Another matter to which I should like to refer is that of our various mineral deposits. I want to refer particularly to the potash deposits in Saskatchewan. I am told by authorities of the federal government that these deposits are of extreme importance; and, should we exploit them properly, they will perhaps be of as great significance as the potash deposits in Germany. Indeed they offer as great an opportunity for potash development as we find in some of the fields in Mexico. If the minister has any information on that I should like him to pass it on to us. Will he give us any communications or plans of development of the potash deposits that have passed between the federal government and the government of Saskatchewan? I think he will readily recognize that it is a tremendous proposition. It would take sums of money running into many millions of dollars properly to develop that field. If we had a progressive attitude toward that development we could have a large export surplus of potash to send to other countries, and this would assist us to correct our unfavourable balance of trade with other nations.

Mr. MacKINNON: There has been correspondence between the department and the government of Saskatchewan regarding the development of potash resources, but no decision has been arrived at. In connection with the forests, it is the intention of the department to bring in, at the next session, a forests act which will look toward the development and preservation of our timber resources.

Mr. GREEN: Will the minister not make a statement in reply to the question asked by the hon. member for Skeena? It is of the utmost importance that a road should be constructed between the Atlin country and the Alaska highway. Apparently the provincial government has offered to pay half the cost. What position is being taken by the dominion government?

Mr. MacKINNON: I do not want to block my own estimates. I was quite ready to answer the question of the hon. member for Skeena by informing him that the item of which he spoke—and of which he spoke as being a matter that was lost for this session—is still under consideration. I am not sure what the result will be. Instead of being a cost of $100,000 to the provincial government and $100,000 to the dominion government, it is expected by our officials that the cost will be at least double that to both the province and the federal government. But the need is recognized. The wealth of the mineral field that this road will open up is recognized. Everything cannot be done at once. We are building roads in the Yukon territory alone this year to the extent of $425,000.

Mr. YOUNG: I should like to ask the minister a question. I understand that he is a new minister and I am a new member, so that we start on a fairly even level, although possibly he will have the advantage. I should like to inquire especially about the policy of this department in regard to Indians who are over the age of seventy. In British Columbia there are a number of Indians living in reservations on the borders of the constituency I represent, and I understand from them—I should like to check this with the minister—that recently this department has granted an increase of $8 a month to these aged people. Previously they were receiving something in the nature of $5 a month, which was given them in the form of necessities by the Indian agent. The condition of these people at the present time is most necessitous. We are all aware that anyone of the white race who is asked to live on $40 a month as an old age pension is in no paradise; and when we consider that these Indian races eat as we eat and have to live as we have to live, what they receive is a remarkably small sum. Does the department intend to increase the amount? When I say "increase," I do not mean increasing it another $8, but increasing it in line with the cost of living.

The DEPUTY CHAIRMAN: Old age pension comes under the health and welfare department and not under this.

[Mr. MacKinnon.]

Mr. KNOWLES: But is this not an Indian affairs matter, Mr. Chairman? Perhaps the hon. member could ask the question under item 213.

The DEPUTY CHAIRMAN: Item 213 would be the vote.

Mr. CASTLEDEN: If the minister would prefer to wait until we get that item to discuss Indian affairs, we could do so.

Mr. MacKINNON: Yes.

Item agreed to.

Mines, forests and scientific services branch—
Bureau of mines—

164. Mineral resources investigations, $1,135,857.

Mr. GREEN: Will the minister explain the work carried out under this vote?

Mr. MacKINNON: The apparent increase is $512,723. However, in 1947-48 there was provided in votes 532 and 534 of the demobilization and reconversion estimates the sum of $384,500 for services being carried on in the divisions of mineral dressing and metallurgy and mineral resources. This will be continued in 1948-49 under the main vote. The difference between this amount and the apparent increase of $512,723 represents an actual increase of $128,223. The vote provides for office, laboratory and field investigations relating to metallic minerals, industrial minerals, fuels and mineral economics, including those directly connected with post-war problems, and the laboratories equipped to carry out investigations on both small and semi-commercial scales are housed in several modern buildings on Booth street, Ottawa. Investment in buildings and equipment is almost $3,000,000. As a group, these laboratories are probably without their equal anywhere. The services provided are in ever-increasing demand by industry and by other government agencies.

Mr. GREEN: The help is available to all the provinces and not merely to the Northwest Territories?

Mr. MacKINNON: It is for all Canada.

Mr. COCKERAM: I wish to congratulate the minister on this increase in the estimates of the department, and I would ask him whether these laboratories are being extended in any considerable degree. To what extent will the increase be available for increase in the metallurgical staff dealing with these problems? It is well known in the mining industry that there has been great delay in getting results, and with this increase we hope that the service can be brought up to date.

Mr. MacKINNON: The staff is being constantly increased. We have just finished equipping a new laboratory and are planning the erection of two additional buildings at an approximate cost of $35,000.

Mr. COCKERAM: There is an increase of only four in the permanent staff. That is what I had in mind. There should be a greater increase in the technical personnel of the department.

Mr. MacKINNON: While there is an increase of only four in the permanent staff, there is a large increase in the temporary staff.

Mr. COCKERAM: The minister says there is a large increase in the temporary staff, but in spite of the increase in wages over last year there is an increase of only $2,000 for temporary staff. It seems to me you are spending a great deal of money but not filling up the staff to do the job you propose to do.

Mr. McCULLOUGH (Assiniboia): When these expenditures are made for investigation into mineral resources in any province, are they made on a proportionate basis with the province concerned? When you go into a province to investigate certain mineral resources, does the department spend dollar for dollar with the province?

Mr. MacKINNON: There is no formula that is used in all cases. It is a matter of arriving at an arrangement in accordance with the necessities of development.

Mr. COCKERAM: Will the minister state whether he will increase the personnel of that branch above $2,000 for temporary assistance so as to give better service to industry?

Mr. MacKINNON: From what I learn from my officials, there is a much larger increase than would be indicated by the $2,000 mentioned, and the staff is, I am told, being increased.

Item agreed to.

Mines, forests and scientific services branch—
Bureau of mines—

166. Investigations of radioactive ores, $134,200.

Mr. MacNICOL: This vote calls for $134,000 odd. This particular branch does not seem to have any head. Most of the expenses are connected with temporary staff in the amount of $78,000 out of $134,000. Much of the rest is for travelling expenses and supplies. Just what are they doing and where are they finding the material, if that can be stated?

Mr. MacKINNON: I am informed that this is a subject in respect of which, inasmuch as it deals with radioactive ores, the department is careful in the information it makes public. I can say, however, that the project has been underway since 1945 and was undertaken at the request of the Minister of Munitions and Supply and the president of the national research council. At the outset the objective was to improve the recovery of pitchblende from the ore of the crown company, Eldorado Mining and Refining Limited, but this has since been expanded to include ores from other sources. The investigation is part of a much larger and highly secret project on atomic energy which is being carried out by certain government departments.

Mr. MacNICOL: I thought it had reference to other ores, because the country owns the whole area at Great Bear lake and, I presume, all the properties roundabout. I can quite realize that the department does not want to reveal where they are, and I will not press the question if they do not wish to. I was wondering where those other areas are in which the investigators are trying to discover radioactive ores.

Mr. MacKINNON: It is nearly all research work done here in Ottawa.

Mr. COCKERAM: That is apart from Eldorado Mines, I take it?

Mr. MacKINNON: Yes.

Mr. COCKERAM: Can the minister tell us how many investigations for the last year are covered by that item? The vote is for $134,000. How many separate analyses were made of radioactive ores in the last year?

Mr. MacKINNON: I am afraid I cannot give that information.

Mr. GREEN: Is that work done for the atomic energy control board?

Mr. MacKINNON: Yes, and for Chalk River.

Item agreed to.

Mines, forests and scientific services branch—
Dominion forest services—

168. Forest research and investigations, $649,639.

Mr. SKEY: I was pleased to hear the minister say a few minutes ago that the government planned a forest act next year. Will he outline to the committee what this forest act will embrace or what sort of thing is being contemplated by the government?

Mr. MacKINNON: The details of the contemplated forest act have not yet been worked out, but it is planned to assist the forest industry throughout Canada.

Mr. SKEY: May I ask if the minister plans to call a conference with the forestry branches of the provincial governments before passing this act, in order to find out how the federal government can help them?

Mr. MacKINNON: It has been my good fortune in another department to work closely on matters of mutual interest to the provinces and the dominion. I am quite sure that this problem will be approached on the same basis.

Mr. SKEY: May I just tell the minister what I have been trying to get at in the last two questions? It is simply this. The provinces obviously need help in fire prevention. The federal government holds within its hands the greatest weapon by means of which to protect the provinces against forest fires; I refer to the Royal Canadian Air Force. The minister's department has already been able to work ably and well with the R.C.A.F. in the mapping project. In regard to forest conservation and protection from fires, the minister's department should undertake, with the provinces of Canada, a regular plan of action and scheme to put a force of machines to work, and not just one, as they have at the present time in northern Ontario. They should put a whole force of machines into action, with dry ice and every other form of fire-fighting equipment, so that we can conserve our natural wealth. In that way our armed forces at the same time will be doing the country a great service.

Mr. McCULLOUGH (Assiniboia): I am happy to hear what the hon. member for Trinity has just said, coming as I do from a province in which we have given great consideration to the losses in our forests and in which we have undertaken to train young men to jump by parachute from planes in order to stop forest fires in their early stages. This has meant that we in Saskatchewan feel that if we can get co-operation from the federal government in this regard, we shall go a long way in reducing the menace of fires and the destruction of our valuable timber.

I should like to ask the minister with regard to this item 168—which is for the substantial amount of $640,000, an increase of $41,000 over last year—if it is the policy of the government to investigate the by-products of our timber. In Saskatchewan we now have research going on to utilize a great deal of our timber which formerly went to waste in the form of slabs and portions of our trees which could not be used for lumber. I should like the minister to give us at some length, if he would be so kind, information in that regard.

[Mr. MacKinnon.]

Mr. MacKINNON: This involves specialized studies including the following:

Silvicultural investigations concerning the growth of different tree species, natural regeneration, and methods to improve forest stands peculiar to the various forest regions of Canada; to determine the factors affecting the forest growth, reproduction and depletion in all its phases and to evolve from such studies basic data for improved forest management on areas accessible for exploitation.

To determine the forest inventory of Canada with relation to its accessibility for marketing, the volume of merchantable timber available to industry and the relationship between production and depletion, so that industry can be geared to the growth potential of the forest.

To develop scientific methods to expedite the collection of forest inventory data through technique and scientific devices to interpret forestry data from air photographs.

The study of factors of tariffs, taxation, et cetera, on sale of forest products in world markets as they affect both the internal and external economy of Canada.

And finally, to determine and correlate the factors involved in measuring forest fire danger, including temperature, humidity, rainfall, wind velocity and evaporation, as they affect the inflammability of the various forest fuels; the design, testing and development of equipment and methods to increase the efficiency of forest fire detection and suppression.

Mr. BLACKMORE: Will the minister tell us how much money he has at his disposal for expenditure in the matter of detecting and fighting forest fires? It is one thing to have a beautiful plan laid out for the next twenty-five years; and it is another thing to have something with which to stop a forest fire next week, if it breaks out in Ontario or British Columbia or Albert and destroys more forests than all our highfalutin ideas on reforestation would replace in 100 years. We want to know what we are to have done right away. How much money has the minister available to spend?

Mr. SMITH (Calgary West): More forest fires are put out by rain than by anything else.

Mr. MacKINNON: Apart from the protection of our forests in our national parks, in the Yukon, Northwest Territories and experimental stations, forest fire protection is a matter purely for the provinces.

Mr. BLACKMORE: I will grant that, according to the British North America Act, it is a responsibility of the provinces, but it should be borne in the mind of every member of the government of Canada that every stick of timber that is destroyed in any province is a loss to Canada. We can just figure out the responsibility of the government in the light of that fact. I suppose it is too late for the minister to bring any influence to bear upon the government this year, but I would suggest that for next year he request that a liberal allowance be granted with which to co-operate in putting out fires which may occur at any time in any province of Canada.

Item agreed to.

Mines, forests and scientific services branch—
Dominion forest service—

169. Forest products research, $435,862.

Mr. HERRIDGE: This item deals with forest products research, which is a matter of deep interest to many people living in British Columbia, where the forest industry is of such importance. It is of particular interest also to many people I have the honour to represent. I should like the minister to give us some information in detail as to the type of research being carried on in connection with forest products, the staff engaged in that program in British Columbia at the present time, and the projects on which they are working. Again, I should like to know how this information is given to the operators of forest industries and others concerned. I speak with some knowledge of the forest industry in my own constituency, since I have been engaged in it to a certain extent for nearly forty years. From my experience I can say we have a tremendous waste in forest products even today. For instance, if it were not for the expensive equipment required we could make from sawdust excellent briquettes which burn satisfactorily, but at the present time all these processes are far too expensive to be used by small mills. I could go on almost endlessly mentioning the things in which we are interested as far as forest products research is concerned, but I should like the minister to give us some idea of the projects being undertaken at this time, and particularly the work being done in British Columbia.

Mr. MacKINNON: This vote provides for the operation of the forest products laboratories, which are in three units: first, the Ottawa laboratory, concerned with research and studies primarily affecting the sawmilling and wood-using industries in eastern Canada; second, the Vancouver laboratory, which is conducting studies and tests affecting this industry in the western coastal region; and third, the Montreal laboratory at McGill University, operated by the pulp and paper research institute of Canada under a joint agreement between the dominion government, the Canadian pulp and paper association and McGill University, which serves the pulp and paper industry only.

I might mention some of the work carried on at the Ottawa laboratory. There is the division of timber mechanics; the division of wood chemistry; the division of wood utilization and lumber seasoning; the division of wood preservation and timber pathology; and publications.

Mr. PEARKES: Is this a grant to the forestry branch of the University of British Columbia?

Mr. MacKINNON: The University of British Columbia provides the space on the campus and we provide the buildings and personnel to carry on the work.

Mr. PEARKES: You make no financial grant, in the same way as you make a grant to McGill University?

Mr. MacKINNON: That is scarcely a good comparison, because the work at McGill is being carried on by the pulp and paper industry, McGill university and the dominion government. There is no direct grant for this purpose to the University of British Columbia at the present time.

Mr. PEARKES: The timber industries in British Columbia make a grant to the University of British Columbia. I hope that the government will consider doing the same thing next year.

Mr. HERRIDGE: I should like to offer a suggestion to the minister, because of the deep interest in this subject on the part of a number of the people I represent. I understand that the forestry branch of the government of Sweden, which carries on similar investigations, is in the habit of keeping in close touch with the development of logging and sawmill machinery, and other machinery allied to the lumber industry, and that in northern Europe there have been developed in recent years some efficient small sawmill units and things of that type which are not in use in Canada at the present time. I am just offering the minister the suggestion that our forest products research branch, or some branch working closely with it, should give some attention to that subject, so that these newer ideas may be brought more quickly to the attention of our lumber operators and people interested in the forest industry.

Item agreed to.

Mines, forests and scientific services branch—
Eastern Rockies forest conservation board—

171. To provide for the salaries and expenses of dominion members of the board and their alternates and sundry expenses in connection with the maintenance and operation of the Ottawa office of the board, $30,000.

Mr. COCKERAM: Will the minister please explain this item, especially in view of the next item, which is for the sum of $175,000? The details given for this item simply show amounts for temporary assistance and travelling expenses, and do not show anything for the salaries of the members of the board. How many members are on this board, and what salaries are paid?

Mr. MacKINNON: The board consists of three members, two appointed by the dominion government and one by the province of Alberta. I believe the chairman, General Kennedy, receives a salary of $12,000 a year. The other appointee of the dominion government is Mr. Wardle, of the Department of Mines and Resources. He is a civil servant, who receives no special salary for this work. At the moment I do not remember the representative of the province of Alberta or his salary.

Mr. COCKERAM: Where does General Kennedy's salary appear? I see only $12,000 for temporary assistance.

Mr. MacKINNON: This vote provides for the salary of the chairman of the board, for the travelling expenses of the chairman and the other dominion member, and for the maintenance and operation of the Ottawa office.

Mr. COCKERAM: But it just shows temporary assistance; that is what I am getting at. What do you pay the permanent members of the board, and where is that shown in these estimates?

Mr. MacKINNON: The chairman of the board is not a civil servant.

Mr. COCKERAM: Then where would he get his salary?

Mr. MacKINNON: Out of this sum we are voting.

Mr. COCKERAM: There is $12,000 for temporary assistance. Does that represent the salary of the chairman of the board? That is what I should like to know.

Mr. MacKINNON: Yes.

Item agreed to.

[Mr. Herridge.]

Mines, forests and scientific services branch—
Eastern Rockies forest conservation board—

172. Dominion contribution towards annual maintenance, including staff and expenses, $175,000.

Mr. MacNICOL: This has to do with the reforestation of the eastern slopes of the Rocky mountains, which I have been pressing for some years and which I am glad to see now is under way. Last year, if I remember rightly, we voted a total of some $6,000,000 to be expended over a number of years. Last fall, on a call to the bureau of reclamation offices in Denver to inquire into what they are doing on the eastern slopes of their mountains, where they are reforesting, I learned something which may indicate one of the causes of the excessive floods in British Columbia. I learned that forest fires in the United States had a serious effect on the watersheds of the big rivers there, because the accumulation of soot from the burning fires prevented the growth of the glaciers, which is most important. These fires strip off the forests, and the result is that the run-off is much more rapid than it otherwise would be. I have been wondering whether that is not one of the causes of the rapid run-off in the British Columbia watersheds.

I notice that this vote is just for the eastern slope of the Rockies. The destruction in the Fraser river watershed is about 30,000 acres a year. In ten years this means that 300,000 acres of forest have been destroyed. This means that the winter accumulation will run off much more rapidly than it otherwise would. This was one of the major causes of the terrible floods in the Fraser valley. There should be a vote, at least by next year, for the reforestation of the slopes of the Rocky mountains in the Fraser river watershed.

I am all for this vote, having promoted this matter for years. I simply ask if it would not be well to make an investigation of the Fraser river watershed to see if the floods which they have had this year and which are higher than in any recorded year in the past, are not partly the result of the denuding of the mountain slopes.

Mr. MacKINNON: The problem of the western slope of the Rockies is a problem for British Columbia; the problem of the eastern slope becomes a problem of the dominion government inasmuch as the water supply of three provinces, Alberta, Saskatchewan and Manitoba, is affected.

Mr. MacNICOL: I outlined all that when the bill was going through, but I am going to ask the minister to consider the reforestation of the slopes in the Fraser river watershed that

have been burned off. It is a dominion matter, because we have agreed to pay half the expenses of the results of the floods.

Mr. MacKINNON: We are now and have been working on an investigation of the Columbia river watershed in conjunction with the United States, but I shall give consideration to what the hon. member has said.

Mr. GREEN: Why is that work being done on the Columbia river watershed?

Mr. MacKINNON: It is an international matter.

Mr. GREEN: Is it the intention to undertake forest conservation measures in any other part of Canada than the eastern slope of the Rockies?

Mr. MacKINNON: We can initiate such undertakings only in the Northwest Territories, the Yukon and the national parks; the initiation of a project of that kind elsewhere would have to be by the province.

Mr. GREEN: Would the dominion be willing to enter into a scheme, say with the province of British Columbia, of forest conservation?

Mr. MacKINNON: I can always discuss it with my colleagues.

Mr. GREEN: Is the dominion in a position to enter into negotiations with the province for forest conservation?

Mr. MacKINNON: If British Columbia, which owns its own natural resources, including the timber resources, came to the dominion government with a proposal for joint control of some kind, consideration would be given. I do not think anything further can be said.

Mr. BLACKMORE: Although it has not been mentioned, it is an obvious matter that a large percentage of the forest fires, which do great damage in Alberta, originate in British Columbia. That is no reflection upon British Columbia; it is just the fact. How can we take care of forest fires in Alberta unless there is some provision for co-operating with British Columbia in taking care of forest fires when they are just beginning?

It seems to me to be somewhat inconsistent to say that the problem belongs to British Columbia when the eastern slope of the Rockies is a dominion concern because it affects three provinces. Fires in British Columbia affect two provinces, and perhaps three. A forest fire starts in British Columbia, gets out of control and crosses the Alberta border where we are completely unable to handle it. It seems to me that the minister should take a more far-reaching and long-range attitude toward this whole matter of forest conservation.

Mr. SMITH (Calgary West): Having seen a forest fire, I should like to ask a question. Is it not a fact that there is no way of stopping a forest fire that has got going, except by rain or a change in the wind? You can go up behind a fire with your buckets and gas engines, but all you can do is to try to see that it will not start again.

The second thing I want to ask is this. If the dominion and the provinces are going into fire prevention, would there not be a complete duplication of effort? If you are referring to contributions, that is an entirely different matter; but would it not be extravagant to have side by side a dominion fire protection service and a provincial fire prevention service?

Mr. MacKINNON: What has been said by the hon. member for Calgary West is a statement of fact rather than a question. I do not think there is any doubt but that once a large fire gets rolling, it is practically impossible to stop it, except by rain or by having it burn itself out.

Mr. BLACKMORE: I am glad the hon. member for Calgary West mentioned this matter, because it gives me a chance to clarify my position. I am not stupid enough to suppose that the dominion government should set up an independent fire prevention service, but the dominion government could co-operate with the provinces in much the same way that it has co-operated with British Columbia in connection with the floods. Canada did not have a flood prevention service in British Columbia; all we did was to assure British Columbia that we would be behind them in everything they intended to do.

Did the dominion government take any part in fighting the forest fires which have raged recently in Ontario?

Mr. SKEY: They are still going.

Mr. MacKINNON: The dominion government did not participate except in our own reserves.

Mr. BLACKMORE: Did Ontario seek the assistance of the dominion government?

Mr. MacKINNON: I am told not.

Mr. BLACKMORE: If they had done so, would the dominion government have been prepared to help them?

Mr. FRASER: The dominion government lent planes to Ontario to help with the dry ice proposition.

Mr. BLACKMORE: I just want to get some information. Along with others, I have been here for thirteen years and have been greatly

dissatisfied over the fact that apparently nothing is being done to take care of our forests. We have only one set of forests; when they are devastated, we shall have no forests, and the next generation will not be in anything like as fortunate a position with respect to forests as we are. That is a position which ought not to exist. In Germany and many European countries they take the greatest care to see that every time a tree is cut down, another is planted in the ground in its place. If we would use anything like husbandry in respect of our forests we would have a magnificent assest for a thousand years for coming generations. What I should like to see is something done right away, not twenty-five years from now after the forests have been largely destroyed. I should like to see a start made tomorrow. Has the minister any intention or idea of starting such activities?

Mr. FERGUSON: The province of Ontario is already doing for itself all the things the hon. member has mentioned and is spending its own money in doing it. Why duplicate the work? You would have the dominion and the provincial fire-fighters falling over themselves, each trying to do the same job. Why spend the taxpayers' money twice?

Mr. BLACKMORE: That remark is utter nonsense. To say that Ontario has done all it possibly could is sheer tommy-rot.

Mr. FERGUSON: That is a matter of opinion.

Mr. BLACKMORE: If Ontario does not need help I may tell the chairman and the committee that Alberta, British Columbia and Saskatchewan do. They have not as much money to spend, but have relatively as many forests to take care of as Ontario.

Mr. MacKINNON: Earlier this evening I stated that the dominion is in touch with the other provinces, Ontario for one, for the purpose of making a study of the most scientific methods of fire protection.

Mr. BLACKMORE: Has any progress been made? What has actually been done besides getting in touch?

Mr. PEARKES: What steps does the federal government take to protect its own forest lands against fire? There are thousands of acres of dominion-owned forest lands in British Columbia, on Indian reserves and elsewhere. What steps does the federal government take to protect dominion forests?

Mr. MacKINNON: The dominion government is using the best methods known to safeguard the forests in the parks and on other dominion-owned lands. There is an extensive system comprising fire rangers, look-out towers and water stations all through our national parks.

Item agreed to.

Mines, forests and scientific services branch—
Geological survey of Canada—

173. Geological survey administration and miscellaneous services, $114,000.

Mr. FULTON: On this and many other items under this department, it is necessary for members to have before them the latest report of the department. I find that the latest report of the Department of Mines and Resources is for the fiscal year ended March 31, 1946, which is over two years ago. It is extremely difficult for members to know what is being done and to examine the estimates as they should be examined without up-to-date reports before them. Can the minister tell us when the report for the fiscal year ended March 31, 1947, will be available?

Mr. MacKINNON: I am advised that the report for 1947 is almost ready and will be distributed very shortly.

Mr. FULTON: Will it be distributed before the end of the session?

Mr. MacKINNON: It is still in the hands of the king's printer. It may possibly be distributed before the end of the session.

Mr. FULTON: In the list of reports and returns to be made to the House of Commons by public officers and private corporations in accordance with standing order 84, the departmental report of Mines and Resources, including the reports of directors of branches under the minister, is to be made during the session. That appears on page 8 of the list of reports to be presented to the House of Commons. If the report is in our hands before the end of the session it will technically comply with that requirement, but it is a matter for strong comment that we have not the report in our hands now when the estimates of this department are being considered. The report should be hurried up and made available without delay.

Item agreed to.

Mines, forests and scientific services branch—
Geological survey of Canada—

174. Geological surveys, $842,492.

Mr. COCKERAM: I notice an increase of fourteen in the staff, but only three more geologists. Are more geological parties going out this year than last? The amount for

temporary assistance is down. I am inclined to think there has been a cut in this service rather than an increase.

Mr. MacKINNON: There are twelve geological parties in British Columbia, nine in Alberta, four in Saskatchewan, ten in Manitoba, three in Ontario, five in Quebec, two in New Brunswick, two in Nova Scotia and one in Prince Edward Island. The service is larger this year than last.

Mr. COCKERAM: How does it compare in expenditure? Have you more geological parties out this year than last?

Mr. MacKINNON: There is an increase of $200,000 for this purpose this year.

Mr. ARCHIBALD: Last year the department carried on an aerial survey of northwest British Columbia, which covered the Groundhog coal fields. I do not think that aerial photography has been completed. When is it planned to send out a ground crew in that area?

Mr. MacKINNON: I am informed that a ground crew is there now.

Item agreed to.

Mines, forests and scientific services branch—
Surveys and mapping bureau—

175. Surveys and mapping bureau administration, $14,590.

Mr. McLURE: On several occasions I have complained about mapping. The present minister, who was then in another department, corrected what I complained of at that time. The only complaint I have to make now is that I noticed the other day a T.C.A. map which left out Prince Edward Island, probably because the T.C.A. does not operate in that province. Just the same, when it was making a map, it could have included Prince Edward Island.

Item agreed to.

Mines, forests and scientific surveys branch—
Surveys and mapping bureau—

177. Canadian hydrographic service, $2,361,911.

Mr. MacNICOL: It is utterly impossible at this stage of the session to inquire exhaustively into such large expenditures. I notice that, of this $2,361,911, approximately $1,600,000 is for materials and equipment. Obviously we cannot get the list of that at the present time. Then I note that about $400,000 is for temporary assistance and wages. Why is there such a large amount earmarked for temporary assistance?

Mr. MacKINNON: This item looks large, but hon. members must remember that provision is made for the purchase and fitting of two hydrographic ships.

Mr. PEARKES: For a considerable period of time there has been dissatisfaction among the crews of two hydrographic ships on the west coast, the *William J. Stewart* and the *Parry*. It came to a climax last month when they were asked to sign at last year's wages, which were $27 to $40 less than the wages that were paid on government ships of the same kind for the same ratings on the east coast. Some adjustment was made. Have the wages been brought up now, so that they are comparable with wages paid on the east coast? Have the crews signed on to the satisfaction of all concerned?

Mr. MacKINNON: The wages were adjusted through the joint efforts of this department and the Department of Labour. I am informed that the men have all signed on and that the rates are satisfactory.

Mr. PEARKES: A good deal of difficulty was experienced last summer in maintaining these ships. There was a tremendous turnover of personnel. That was largely on account of living conditions on the *William J. Stewart*. Is any provision made in this item for the improvement of living conditions, general lay-out, messing quarters, galleys and so forth on that vessel?

Mr. MacKINNON: I am informed that improvements were made in living conditions on the *William J. Stewart*. I have not the details, but improvements were made.

Mr. PEARKES: Structural improvements?

Mr. MacKINNON: I am sorry, I have not the details.

Mr. PEARKES: I wish the minister would look into that, because I think there is still room for a great deal of improvement in the actual structural lay-out of the vessel.

Mr. MacKINNON: I shall do that.

Mr. HERRIDGE: I should like to revert to item 176 for a moment, which was passed over. It includes the expenses of the geographic board of Canada. I understand that the provinces as well have their geographic boards which deal with the naming of mountains and lakes in the provinces. I presume that the national geographic board is particularly concerned with the naming of mountains and lakes in the Northwest Territories, the Yukon, and so on. What were the expenses of the geographic board of Canada? Who are the members of the board? What do their duties

consist of? What policy is followed in naming mountains, lakes and natural features under their jurisdiction?

Mr. MacKINNON: It is impossible for me at the present time to give all the information asked for by the hon. member for Kootenay East as to the membership of the geographic board. I believe the board consists of some fifteen members. The provinces are represented on this board. I shall be glad to take note of the hon. member's question and send him the information personally.

Mr. BLACKMORE: I notice there is an increase of over $1,500,000 with respect to the hydrographic service. I am not begrudging the increase. I was wondering why the increase. Have we undertaken more extensive services than in the past?

Mr. MacKINNON: I have just explained that the large increase in the vote is caused by the purchase of two ships at a cost of $1,500,000.

Item agreed to.

Mines, forests and scientific services—Surveys and mapping bureau—

178. Geodetic survey of Canada, $471,821.

Mr. GREEN: There is some suggestion that permission should be obtained from the United States for British Columbia to use the highway connecting the two cities of Grand Forks and Rossland, but on the other side of the boundary. Can the minister say just what progress has been made with these negotiations, or what the position is with regard to that question?

Mr. MacKINNON: I am informed that that does not come under this department. That possibly comes under external affairs.

Mr. McCULLOUGH (Assiniboia): Does the international peace garden come under the jurisdiction of this department?

Mr. MacKINNON: To what peace garden does my hon. friend refer, the one south of Brandon?

Mr. McCULLOUGH (Assiniboia): Yes.

Mr. MacKINNON: It does not come under the parks branch of this department. Representations have been made to the department and to me by the hon. member for Brandon and others, urging that this international peace garden be brought under the parks' jurisdiction. No decision has yet been arrived at. I have been in correspondence with people interested in the park, looking to the possible giving of more assistance in some way to that project.

[Mr. Herridge.]

Mr. PEARKES: Are there any re-surveys, or are any changes planned in the northern boundary between Canada and Alaska west of Prince Rupert?

Mr. MacKINNON: There have been discussions between the Canadian authorities and the United States as to the definite location of the boundary, but there is nothing really to report on it at the present time.

Mr. PEARKES: When did the last discussions take place?

Mr. MacKINNON: I am informed that these discussions have taken place on and off for several years until quite recently, at the technical level.

Mr. PEARKES: No decision will be reached in that respect, I hope, without reference to the province of British Columbia, because of the vital importance of this to certain industries there.

Mr. MacKINNON: I am sure that the province of British Columbia will be kept informed of what is being done, as it is at the present time.

Mr. GREEN: Is the province of British Columbia consulted, or is it merely informed of what is done by the dominion? The provincial government is very much concerned in the issue.

Mr. MacKINNON: I cannot conceive of this being done without the full knowledge, consent and co-operation of British Columbia.

Mr. MacNICOL: I was going to ask the minister a question of which I am sure he would not have knowledge. Perhaps his officials can tell him if there is a report of the international joint commission in connection with the diversion of the water from Chamberlain lake in Maine, which is one of the main sources of the Allagash river which flows into the St. John river and is therefore in the international watershed, in which water is diverted out of Chamberlain lake within the St. John river watershed into the Penobscot watershed in Maine. If there is a report I should like to obtain one.

Mr. MacKINNON: The international joint commission does not come under this department.

Item agreed to.

Mines, forests and scientific services branch—Surveys and mapping bureau—

181. Legal surveys, including grant of $350 to assist in printing the publication of the Canadian institute of surveying, $468,088.

Mr. COCKERAM: This is one of the new branches of the Department of Mines and

Resources. Can the minister give the number of employees a year ago and the number today?

Mr. MacKINNON: I have not that information before me, but I shall be glad to get it and send it to the hon. member.

Mr. COCKERAM: I should like to get it.

Item agreed to.

Mines, forests and scientific services branch—
Surveys and mapping bureau—

183. Map compilation and reproduction, $309,405.

Mr. SKEY: Can the minister give some details of the work being done in map compilation?

Mr. MacKINNON: The purpose of the vote is to maintain the map compilation and reproduction division. The work of the division is to prepare, compile and draw maps from existing information, which includes a topographic series of maps, electoral maps, road route maps, maps for use of various government departments, natural resources, railway maps, maps of Canada and all types of compiled maps.

Mr. SKEY: Thank you. That is for the armed forces as well?

Mr. MacKINNON: That work is done by the armed forces in co-operation with our people.

Mr. SKEY: In this department, do you put together the aerial maps taken by the photographic unit of the R.C.A.F.?

Mr. MacKINNON: Maps are made from aerial photographs taken by the air force and by private companies engaged by the department of Mines and Resources.

Mr. SKEY: Therefore this is not the entire expenditure?

Mr. MacKINNON: No.

Item agreed to.

Mines, forests and scientific services branch—
Dominion water and power bureau—

184. Dominion water and power bureau, including the administration of the dominion water and power and irrigation acts, and including grant of $350 to the international executive council, world power conference, $384,000.

Mr. MacNICOL: What particular function does the department perform in relation to water power and irrigation?

Mr. MacKINNON: This vote is used for the work of the dominion water and power bureau in making hydrometric measurements and securing essential data on the flow of international waters, and the administration of the Dominion Water Power and Irrigation Acts.

Mr. MacNICOL: All you do is to make a compilation of the flow of rivers.

Mr. MacKINNON: That is one of the purposes.

Mr. MacNICOL: You have nothing to do with irrigation?

Mr. MacKINNON: Nothing.

Item agreed to.

Mines, forests and scientific services branch—
Dominion water and power bureau—

185. To provide for studies and surveys of the Columbia river watershed in Canada, $280,000.

Mr. HERRIDGE: This amount is the same as that voted last year for surveys in the Columbia river basin, a project in which the people of my constituency, and indeed the people of British Columbia as a whole, are interested. Can the minister give some information as to the program being carried out this year in connection with these surveys? What work is to be done?

Mr. MacKINNON: The carrying out of studies and surveys in Canada has been entrusted to the dominion water and power bureau of the mines, forests and scientific services branch of the Department of Mines, by the Canadian section of the international joint commission. This bureau has its own staff, and by securing the co-operation of other services of the department and of the Department of Public Works, it arranges for necessary field surveys and investigations, and office studies which are now in progress.

Mr. HERRIDGE: I saw a newspaper report to the effect that a contract had been let to a private company for drilling for dam sites on certain rivers. Can the minister give more detailed information? Are dam sites to be drilled for and, if so, on what rivers? What districts will be surveyed?

Mr. MacKINNON: We are drilling for dam sites on various rivers. I have no further details.

Mr. GREEN: Can the minister not give better information on the work that is being done? This is a substantial sum of money being spent, and the whole plan is of the utmost importance to the interior of British Columbia. The hon. member for Yale mentioned the question yesterday in connection with the level of Okanagan lake. Is the department not in a position to give a more complete report on the plans?

Mr. MacKINNON: There is little I can add to what I have said, except that the work is proceeding in various sections of the Columbia river valley.

Mr. MacNICOL: Is it not proceeding in conjunction with the bureau of reclamation in the United States? I saw plans of it in Denver. The United States has as much to do with this work as we have, if not more. It is going to raise the height of the Grand Coulee fifty feet, which will back the water up into Canada a long distance beyond the boundary. They have their plans all ready, and they told me in Denver that we were working with them. I am in favour of it.

Mr. MacKINNON: We are. The work is being done under the control of the international joint commission.

Mr. MacNICOL: And the bureau of reclamation in the United States?

Mr. MacKINNON: Yes.

Mr. KNOWLES: What minister is responsible to parliament in connection with the international joint commission?

Mr. MacKINNON: The Secretary of State for External Affairs.

Item agreed to.

Mines, forests and scientific services branch—
Dominion water and power bureau—

186. Lake of the Woods control board, $10,375.

Mr. SINNOTT: At the present time the dam at Lake of the Woods is causing considerable trouble in the vicinity of Lac du Bonnet. I believe that the agreement which they have with the United States for the control of these waters is to hold back the waters for a considerable time, and the dams are then opened wide, with the consequence that volumes of water rush out at once, reaching Lac du Bonnet some weeks later. The farmers in the district there living along the banks have their grain seeded and, when the waters are let out with such great force, the river sometimes rises five or six feet, backing up and flooding out the farmers in the district. I would ask the minister to look into the matter and see whether this can be remedied so that better control of the waters will be established.

Mines, forests and scientific services branch—
Dominioin observatories—

192. Dominion astrophysical observatory, Victoria, B.C., $50,679.

Mr. PEARKES: I notice on page 169 of the estimates that the permanent staff of the astrophysical observatory outside Victoria is being reduced by one. Possibly he has been replaced by a temporary officer, but I notice that the salaries of at least three of the scientists employed in that observatory have apparently been reduced, because the amount provided is less than that provided last year for these particular individuals. May I ask whether it is a fact that the salaries have been reduced? I ask that question, because these men are highly skilled scientists who are rendering a valuable and useful service, not only to the community in which their laboratory is located but to the whole of Canada. I am under the impression that the salaries are far too low. I hope that there has not been a reduction in any individual's salary. Perhaps the minister would make some comment.

Mr. MacKINNON: I may say that the only notable increases in the vote are in salaries and acquisition of new equipment.

Mr. PEARKES: If the minister would be so kind as to look at page 169, he will see that apparently the salary of the assistant dominion astrophysicist has been reduced from $5,100 to $4,920; that the next item has been reduced from $4,425 to $4,290; and similarly for the third item there has been a reduction from $3,825 to $3,690.

Mr. MacKINNON: The only explanation I can give to that is that newer people come into the office at a lower step in the salary range.

Item agreed to.

Lands and development services branch—
193. Branch administration, $44,500.

Mr. FULTON: I notice that in this branch there are, as far as I have been able to find, at least two publicity editors, editorial assistants and so on. What is the responsibility of those officers? On page 170, in the details of services, and again at page 172, will be found set forth the items relating to publicity editors and their salaries.

Mr. MacKINNON: Will the hon. member please repeat his question? I could not follow it.

Mr. FULTON: My first question was that in this branch there are a number of appropriations for publicity and for salaries of publicity editors. If the minister will look at pages 170 and 172 in the details of services, he will see where that detail is given. What is the responsibility of those officers?

Mr. MacKINNON: I am informed that these people get out the publications relating to publicity for the parks.

Mr. FULTON: Do they have anything to do with the preparation of the magazine *Domar*? That is what I really wanted to ask.

Mr. MacKINNON: None, I am informed.

Mr. FULTON: Can the minister say what officer of the department is responsible for it?

Mr. MacKINNON: Although I have not yet had time to see it, I am told that *Domar* is produced by the editorial and information division at the offices in Ottawa.

Mr. FULTON: What is the cost of that per month? I believe that is a monthly publication.

Mr. MacKINNON: The cost per month is $403, including all charges.

Mr. FULTON: Including what?

Mr. MacKINNON: Including mailing and all charges.

Mr. FULTON: Is there any subscription for the magazine?

Mr. MacKINNON: I am informed not.

Mr. MacNICOL: What is the editing in this department for? There is an item of publicity editor, $3,120. It is not much, but what does he do?

Mr. MacKINNON: What vote is that under?

Mr. MacNICOL: Vote 194. It is on page 170 of the estimates.

Mr. MacKINNON: The answer to that is just the same as the one I gave to the hon. member for Kamloops.

Lands and development services branch—

194. Lands division—administration of dominion, ordnance and admiralty and public lands; seed grain collections, $197,885.

Mr. McCUAIG: I see that seed grain collections come under this item.

I should like to bring to the attention of the minister and the committee the matter of the old outstanding 1914-1923 seed grain relief. The answer to a question on the order paper shows that $10,132,640 was given out by the federal government between 1914 and 1923 for seed relief; that $8,417,887 was paid back; that $1,432,900 in interest was paid back, leaving an unpaid balance of principal and interest of $1,431,003 and $1,652,009 respectively. That was as of March 31, 1948. It further shows that no notices of this account were sent out by the government since 1930; that is eighteen years ago. It shows further that the bookkeeping in connection with this account cost $22,000 to keep it open.

Most of this relief was given out in 1914. I would say that not over fifteen per cent of the people who received this relief are now residing on the land. A great part of this land is today held under grazing lease, or has gone back in what is called "gone-back preemption." I should like to point out to the committee that between 1923 and 1938 all the relief given out was cancelled by the governments concerned. The Saskatchewan government on its own responsibility cancelled 50 per cent of the 1938 seed relief.

In view of these facts, I should like to say to the minister, first, that in my opinion this account is a dead horse, having regard to any equity that is left in the land against which the relief is charged; second, that it was considered to be almost a national emergency in the years that this relief was given out; third, that eighty-five per cent of the people who received that relief are either dead or have left the land; fourth, that this seed and relief has been cancelled in every province, and I do not see why the federal government hangs on to this old item, at some cost in keeping the accounts. A question placed on the order paper asked the cost to the federal treasury of keeping this account open since 1945, and the answer was $22,000. I believe it would be a good thing to wipe off this amount, and I would ask the minister to give that suggestion his serious consideration. Perhaps he would care to make some comment on it.

Mr. SINNOTT: If the province of Saskatchewan will pay it off, we will wipe out the bookkeeping item.

Mr. MacKINNON: This matter has been submitted in the past to committees of which I have been a member, and I shall be glad to give it further consideration.

Item agreed to.

Lands and development services branch—Northwest Territories and Yukon services—Mackenzie division—

196. Forest conservation, including Wood Buffalo park, $321,810.

Mr. SINNOTT: I should like to ask the minister a question, and to say I am happy to see him in his present position. He has a kindly face, and I know he has a kindly regard for the progress which may be made in Canada. In my riding there is a vast territory to be explored, with rich possibilities both in mining and as a farming community. The district I speak of is northeast of Lac du Bonnet. The Wadhope Mines are situated there, as well as the Bissett mines. A large mine has been opened at Cat lake, which has extensive lithium deposits; and in addition we have in that territory copper and zinc which has never been touched. So tonight I would

ask the minister to consider putting in next year's estimates an amount of not less than $100,000 for this project, which is deserving and will pay for itself a hundredfold if we have an opportunity to develop it.

Mr. MacNICOL: May I ask the hon. member where the lithium deposit is located?

Mr. SINNOTT: At Cat lake, which is about thirty miles northeast of Lac du Bonnet.

Mr. MacNICOL: That is the mineral called spodumene?

Mr. SINNOTT: Yes.

Mr. SKEY: Does the hon. member need the money for a road, or what?

Item agreed to.

Lands and development services branch—Northwest Territories and Yukon services—Mackenzie division—

Roads, buildings and water systems—construction and improvements—

197. Roads (revote $441,000), $585,700.

Mr. BLACKMORE: What roads are these and why is there a decrease of over half a million dollars as compared with last year?

Mr. MacKINNON: The principal item here is for the completion of the Grimshaw-Slave Lake road, or that portion of it within the Northwest Territories. The amount provided for that is $471,700. Other items are the construction of streets and roads in Yellowknife township, $69,000.

Mr. MacNICOL: Does this include the road on the north side of the lake from Slave Point?

Mr. MacKINNON: Yes, it includes the last portion.

Item agreed to.

Lands and development services branch—Northwest Territories and Yukon services—

204. Coal development, $150,000.

Mr. MacNICOL: Is this the vote for the coal which has been developed at Whitehorse and Dawson?

Mr. MacKINNON: Yes.

Item agreed to.

Lands and development services branch—National parks services—

206. National parks and historic sites services, $7,372,878.

Mr. McLURE: Does the minister know whether a monument or any other marking is to be erected to the late Lucy Maude Montgomery? I understand that this has been brought to the attention of the historic sites committee, and I should like to know whether any action is to be taken in this respect.

Mr. MacKINNON: I believe the historic sites committee has under consideration the placing of what is called a marker at the home of the late Lucy Maude Montgomery.

Mr. ROSS (St. Paul's): There is an increase here of nearly $5,000,000. Would the minister have something to say about that?

Mr. COCKERAM: What land was purchased, and what was the price?

Mr. MacKINNON: I am told that this increase is largely explained by the initial development of a new national park in New Brunswick, together with road improvement projects throughout the other parks, and necessary construction work such as sewer and water supply projects, combined with certain essential construction work and the improvement of the parks in general. In addition, maintenance costs have risen sharply since preparation of the estimates for 1947-48.

Mr. FULTON: I wonder if the increase in this item might possibly have anything to do with the new departmental publication called *Domar* which, according to one of its first issues, was devoted to the policy of sponsoring "better and bumper" picnics. Does the minister know anything about that?

Mr. MacKINNON: I mentioned that as yet I have not had an opportunity to see the magazine.

Mr. HAZEN: How much is it proposed to spend this year on the park in New Brunswick; what will be the nature of the work, and how many men will be employed?

Mr. MacKINNON: It is estimated that about $500,000 will be spent this year in the construction of roads, playgrounds and buildings.

Mr. COCKERAM: I asked the minister what land was purchased and at what price, and what buildings were purchased, and at what prices, for this $4,894,000.

Mr. MacKINNON: The province of New Brunswick acquired the land.

Mr. COCKERAM: For how much?

Mr. MacKINNON: I have no idea.

Mr. COCKERAM: There must be some figure, because we have the amount of $4,894,000 this year.

Mr. MacKINNON: That has nothing to do with the cost of the land itself, which was

acquired by the province of New Brunswick and transferred to the dominion, free of charge.

Mr. COCKERAM: But the explanation given is, "Acquisition of land and/or construction of buildings, works and structures, $4,894,210." What does the government get for that amount of money?

Mr. MacKINNON: I am told that this is merely the title of the vote, and that it covers all parks.

Mr. ROSS (St. Paul's): That is nearly $5,000,000. I think we are entitled to a little more information as to what land has been purchased. Surely we can have some explanation. That is a good deal of money, and we should know what it is for before we pass the item.

Mr. MacKINNON: I think the only way I can give a fairly complete answer is to state the expenditures in the various parks. It will probably serve the purpose of the hon. member if I give three or four of the large items. The estimated expenditures for this year were as follows:

Jasper	$2,308,520
Banff	756,650
Kootenay	687,500
Riding Mountain	487,500

Mr. ROSS (St. Paul's): It refers to acquisition of lands.

Mr. MacKINNON: I am told that that is just the heading in the estimates.

Mr. ARCHIBALD: Last year I was in Dawson and I had an opportunity to look over some of the old landmarks in that town. There is just one of the old dance halls left, this particular one having been built in 1898 or 1899. I found it of great interest to go through that.

Mr. MacKINNON: Did you see the photographs?

Mr. ARCHIBALD: I should like to see that dance hall restored. If it were in Skagway they would have Dan McGrew lying out in the middle of the hall and would be making a fortune out of it. We put up all kinds of monuments to a life of virtue, but we have nothing yet to a life of sin. If that old dance hall were saved, when the highways opened up, United States tourists would be flocking in and hundreds of thousands of United States dollars would be kept in this country. It would be of great interest to those people. This is part of our history and every child has read about it.

Mr. MacKINNON: I was not asking the hon. member if he had seen any postcards; I was asking him if he had seen the painting of the Floradora sextette that is in that hall?

Mr. CHARLTON: Has a grant been made to the Bell homestead at Brantford, the Mohawk church, or the birthplace of Pauline Johnson?

Mr. MacKINNON: I shall have to get that information for the hon. member.

Mr. KNIGHT: There is to be a great increase in the expenditures on national parks. I am particularly interested in Prince Albert national park, because so many of the people from my constituency go there for their summer holidays. I understand that Jasper and Prince Albert parks are to share in a road building program. I should like to know the nature of the top surfacing and for what length of road the improvements will be made?

Mr. MacKINNON: The main road in Prince Albert park is being prepared for hard surfacing.

Mr. KNIGHT: Is that the road in the park or the road leading to the park?

Mr. MacKINNON: In all cases the road work is being done within the parks.

Mr. KNIGHT: Will the asphalt construction be carried out this year?

Mr. MacKINNON: Not this year.

Mr. KNIGHT: Is the minister planning to build housing of any type in that park?

Mr. MacKINNON: No housing program is contemplated.

Mr. KNIGHT: I hope that the minister will see that the people in the low-income brackets are taken care of. I am thinking particularly of the shack tenters and ordinary tenters who, in the past, did not receive sympathetic treatment from the former superintendent. While I had to condemn the attitude of the superintendent who was there last year toward these people, I want to commend the attitude of the present superintendent. I understand that he is a great improvement over the last man. Is lumber still being cut by a private company at a nominal fee inside Riding Mountain park?

Mr. MacKINNON: I am informed that the shack-town space in Prince Albert park is being increased this year. The policy of providing attractions for people in the lower income groups is being emphasized throughout all our parks. I am informed that an old timber

licence was in operation at the time the Riding Mountain park was established and some timber is still being taken out.

Mr. KNIGHT: How long is that contract likely to go on? I understand that that company has the privilege of cutting timber in perpetuity, that it is permitted to go in and cut anything that is saleable. I do not want to be sarcastic, but I hope that the government has no reforestation program for that particular park, because they would be simply reforesting so that a private company might continue to cut. There has been a tremendous exploitation of the timber on our common land and surely, when some of those lands are enclosed as a national park, there should be some way to stop this iniquitous—I used that word advisedly—contract.

Mr. MacKINNON: I am informed that we are reducing the size of the timber limits as cutting operations take place.

Mr. FULTON: In the total departmental estimates there is an increase of $12,000,000 over last year, and item 206 accounts for $5,000,000, or pretty nearly half of the total increase. I do not think we have yet had a sufficient breakdown of what all that extra money is to be spent on, to satisfy us that the increase has been thoroughly accounted for. The deputy minister in a statement in the departmental magazine, in the issue of April, 1948, spoke with pleasure of the increased amount of the estimates of the department and said:

> As almost all other departmental budgets have been reduced, the increase approved for Mines and Resources is clear evidence of the government's determination to push ahead with the development of Canadian resources.
>
> Fortunately, when the estimates are passed, we will be able to obtain additional assistance in all branches, and with clear evidence of governmental approval we can now look forward to the year 1948-49 with the hope of seeing many real accomplishments in the fields for which we are responsible. When parliament approves the estimates, it will then be up to us.

If that was all planned and prepared before the estimates were submitted to the house, the minister and his deputy should be in a position to supply the committee with detailed information for the reasons behind this increase. We are not disposed unnecessarily to criticize the increase; but we should like to know how much is to be used for buildings, how much for road construction, and what other work is to be done with this additional $5,000,000.

Mr. MacKINNON: Perhaps the hon. member for Kamloops would be satisfied if we gave him a breakdown for one of the parks, say Banff or Jasper. I cannot do so right now.

[Mr. MacKinnon.]

Mr. CASSELMAN: Put the breakdown on the record tomorrow.

Mr. MacKINNON: I shall be glad to do that tomorrow, for Banff park.

Mr. COCKERAM: For the whole thing.

Mr. MacKINNON: I am sure hon. members do not realize how much detail they are asking for. It would fill pages of *Hansard* to put the whole breakdown on the record. I am suggesting a sample breakdown.

Mr. FULTON: Could the minister not tell us how much in each of the parks will be spent for roads, how much for buildings, how much for salaries, how much for new construction or work not previously done in the parks? The figures could be grouped under main headings, so that we would have some idea of what new work is being undertaken.

Mr. ROSS (St. Paul's): All the detail that is given of the $2,300,000 for Jasper is that it is for land and the construction of buildings. Surely we can be given more details than that.

Item stands.

Progress reported.

BUSINESS OF THE HOUSE

Mr. FOURNIER (Hull): Tomorrow we shall consider amendments made by the senate to Bill No. 196, to amend the War Veterans Allowance Act, 1946; Bill No. 394, to amend the Department of National Defence Act; Bill No. 338, an act respecting income tax. Then we shall go into supply and consider the estimates of the Departments of Mines and Resources, Public Works, Labour, Fisheries and National Revenue. I do not know that Public Works will be the second department to be taken up. Labour may come ahead of that.

Mr. CASSELMAN: Will the minister have the income tax bill reprinted before it is presented?

Mr. FOURNIER (Hull): There has been no order from the banking and commerce committee to have the bill reprinted. We have the bill as it was sent to the committee, and the amendments will be moved as each section is called.

Mr. MacINNIS: I understood the Minister of Finance to say the other evening that the bill was being reprinted.

Mr. FOURNIER (Hull): I got information during the evening. I am told that the committee which sat on this bill did not put in a request to have the bill reprinted, and it has not been reprinted.

Mr. ROSS (St. Paul's): What do we do after we get through with all that?

Mr. FOURNIER (Hull): If we pass all those items of business tomorrow there will not be very much left.

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

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

DEPARTMENT OF AGRICULTURE

33. To provide for assistance to encourage the improvement of cheese and cheese factories, $1,700,000.

34. To provide assistance for the replacement of maple production equipment, $300,000.

35. To provide for administrative expenses, Agricultural Prices Support Act, 1944, $60,000.

36. To reclaim and to prevent the flooding of valuable agricultural lands in the valley of the Lillooet river, near Pemberton, B.C., $275,500.

37. Agricultural research special projects, $200,000.

38. Land reclamation and development in British Columbia under such terms and conditions as may be approved by the governor in council, $130,000.

39. Clearing and settlement of new lands under such terms and conditions as may be approved by the governor in council, $200,000.

40. Protection and reclamation of maritime dykelands under such terms and conditions as may be approved by the governor in council, $100,000.

41. For assistance in construction of potato warehouses under regulations to be approved by the governor in council, $100,000.

Agricultural Products Act—

42. To provide for losses incurred in respect of the purchase, sale and export of agricultural products under the Agricultural Products Act, including authority for the Minister of Finance, at the request of the Minister of Agriculture, from time to time, to pay amounts in the aggregate not exceeding $40,000,000 out of any unappropriated money in the consolidated revenue fund as recoverable advances, $100,000.

Demobilization and reconversion—

43. Freight assistance on western feed grains, $7,750,000.

44. Freight assistance on agricultural lime for soil amendment purposes, $350,000.

45. Dairy products board, $19,546.

46. Meat board, including quality premiums on A and B1 grade hog carcasses, $6,153,702.

47. Special products board, $25,000.

DEPARTMENT OF MINES AND RESOURCES

161. Departmental administration, $305,232.

Mines, forests and scientific services branch—

162. Branch administration, $90,578.

Bureau of mines—

163. Bureau of mines administration, $34,000.

164. Mineral resources investigations, $1,135,857.

165. Explosives Act administration, $60,000.

166. Investigations of radioactive ores, $134,200.

Dominion forest service—

167. Dominion forest service administration, $49,790.

168. Forest research and investigations, $649,639.

169. Forest products research, $435,862.

170. Grant to Canadian forestry association, $4,000.

Eastern Rockies, forest conservation board—

171. To provide for the salaries and expenses of dominion members of the board and their alternates and sundry expenses in connection with the maintenance and operation of the Ottawa office of the board, $30,000.

172. Dominion contribution towards annual maintenance including staff and expenses, $175,000.

Geological survey of Canada—

173. Geological survey administration and miscellaneous services, $114,000.

174. Geological surveys, $842,492.

Surveys and mapping bureau—

175. Surveys and mapping bureau administration, $14,590.

176. Topographical surveys, including expenses of the Geographic Board of Canada, $999,048.

177. Canadian hydrographic service, $2,361,911.

178. Geodetic survey of Canada, $471,821.

179. To recoup the Ontario northland railway (formerly Temiskaming and Northern Ontario Railway Commission) in connection with its claim for injury to John Hedin, $240.

180. International boundary commission, $41,214.

181. Legal surveys, including grant of $350 to assist in printing the publication of the Canadian Institute of Surveying, $468,088.

182. To provide for the payment of fees of the board of examiners for dominion land surveyors, of the secretary and of the sub-examiners and for travelling expenses, stationery, printing, rent, etc. (the fees of B. W. Waugh, J. E. R. Ross and J. L. Rannie, members of the board, and A. W. W. Cole, secretary, are to be paid out of this sum), $2,100.

183. Map continuation and reproduction, $309,405.

Dominion water and power bureau—

184. Dominion water and power bureau, including the administration of the dominion water power and irrigation acts, and including grant of $350 to the international executive council, world power conference, $384,000.

185. To provide for studies and surveys of the Columbia river watershed in Canada, $280,000.

186. Lake of the Woods control board, $10,375.

187. To provide for the expenses incurred under the agreement between the dominion, Ontario and Manitoba, confirmed by the Lac Seul Conservation Act, 1928, moneys expended to be largely reimbursed, $20,650.

188. To provide for acquiring flowage easements and discharging claims of owners of riparian lands in Ontario below the outlets of the Lake of the Woods affected by regulation under the Lake of the Woods Control Board Act (revote), $500.

189. Geographical bureau, $88,496.

190. National Museum of Canada, $143,500.

Dominion observatories—

191. Dominion Observatory, Ottawa, $268,694.

192. Dominion Astrophysical Observatory, Victoria, B.C., $50,679.

Lands and development services branch—

193. Branch administration, $44,500.

194. Lands division—administration of dominion, ordnance and admiralty and public lands; seed grain collections, $197,885.

Northwest Territories and Yukon services—Mackenzie division—

195. General administration, operation and maintenance of services, including Wood Buffalo park, $574,252.

196. Forest conservation, including Wood Buffalo park, $321,810.

Roads, buildings and water systems—construction and improvements—

197. Roads (revote $441,000), $585,700.

198. Buildings (revote $139,300), $366,500.

199. Water and sewages (revote $371,800), $665,000.

200. Arctic division, administration, $110,387.

Yukon division—

201. Administration, $127,000.

202. Roads, $430,000.

203. Buildings, $35,000.

204. Coal development, $150,000.

Grant to Yukon council—

205. To authorize payments to be made from the consolidated revenue fund in respect of each of the years 1948 to 1951, inclusive, to the Yukon consolidated revenue fund in accordance with an agreement to be entered into by the Minister of of Finance, with the approval of the governor in council on behalf of the government of Canada, and the controller of the Yukon Territory with the approval of the council of the Yukon Territory, on behalf of the government of the Yukon, such agreement to provide, on such terms and conditions as may be agreed upon, for payment for each such year of the total of amounts calculated on the following basis: (a) grant in lieu of grants for support of government and legislature and other special grants, $60,000; (b) annual subsidy of eighty cents per head in respect of a population of eight thousand persons, being the estimated population for the year 1948, the first year of the proposed agreement, $6,400; (c) compensation to the government of the Yukon in consideration of its agreement to refrain, and to require the municipalities in the Yukon Terirtory to refrain, from levying personal income taxes, corporation income taxes, corporation taxes and succession duties, as defined in the agreement, during each such year, the amount for each year to be computed in accordance with section four of the Dominion-Provincial Tax Rental Agreements Act, 1947, for which purpose the amount of the statutory subsidies is the amount set out in paragraph (b) and the guaranteed minimum annual amount is $89,365, the estimated amount for the year 1948 being $135,000. The estimated total amount required for the year 1948 being, $201,400.

HOUSE OF COMMONS

Wednesday, June 23, 1948

The house met at eleven o'clock.

KINCARDINE CENTENNIAL

INVITATION TO MEMBERS TO ATTEND CELEBRATION

Mr. A. E. ROBINSON (Bruce): Mr. Speaker, to you and to all hon. members of the House of Commons I wish to say that on your desks has been placed an invitation from the mayor of Kincardine to attend our centennial celebration. This occasion is part of a two weeks' homecoming to Bruce county, which I have the honour to represent. I can assure hon. members that any who are able to attend will be made welcome and have a very enjoyable time.

Mr. THOMAS REID (New Westminster): On a question of privilege, Mr. Speaker, may I say that the invitation refers to "Scotchmen's day." They are not Scotchmen but Scotsmen.

TELEGRAPHS AND TELEPHONES

TRANSFER OF CONTROL AND SUPERVISION

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, I desire to table order in council P.C. 2526, of June 8, 1948, passed under the Public Service Rearrangement and Transfer of Duties Act, transferring the control and supervision of the government telegraph and telephone service (except the telephone exchange service for government offices at Ottawa) to the Minister of Transport; also transferring the powers, duties and functions of the Minister of Public Works under the Telegraphs Act to the Minister of Transport.

[*Later:*]

On the orders of the day:

Mr. J. T. RICHARD (Ottawa East): With reference to the announcement that telephone services are to be transferred to the Department of Transport, I would ask the Minister of Transport whether any arrangements have been made to transfer employees of public works now attached to this service to the Department of Transport, and whether there have been any negotiations with the Bell Telephone Company of Canada whereby this company would take over the service now performed by the employees of public works.

Hon. LIONEL CHEVRIER (Minister of Transport): With reference to the second part of the hon. gentleman's question, I am not aware of any negotiations with Bell Telephone, but if there are any I shall advise him. With reference to the first part of the question, I shall inquire of the officers of the department and advise him as soon as possible.

VETERANS AFFAIRS

Eighth and final report of the special committee on veterans affairs.—Mr. Mutch.

LIBRARY OF PARLIAMENT

CONCURRENCE IN REPORT OF JOINT COMMITTEE

Right Hon. C. D. HOWE (Minister of Trade and Commerce) moved:

That the report of the joint committee on the library of parliament, presented on June 11, 1948, be concurred in.

Motion agreed to.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

AGREEMENTS WITH PROVINCES

Mr. HATFIELD:

1. Did the federal government make agreements with the provinces of British Columbia, Alberta, Saskatchewan, Manitoba, New Brunswick, Nova Scotia and Prince Edward Island?

2. If so, in what way or ways did the agreement with British Columbia differ from those of the other six provinces?

3. In what way or ways did the agreement with Alberta differ from those of the other six provinces?

4. In what way or ways did the agreement with Saskatchewan differ from those of the other six provinces?

5. In what way or ways did the agreement with Manitoba differ from those of the other six provinces?

6. In what way or ways did the agreement with New Brunswick differ from those of the other six provinces?

7. In what way or ways did the agreement with Nova Scotia differ from those of the other six provinces?

8. In what way did the agreement with Prince Edward Island differ from those of the other six provinces?

Mr. BELZILE:

1. Yes.

2 to 8. The general terms of the agreements signed by the seven provinces are the same,

except that different provinces selected different options for determining the amount of the guaranteed minimum annual payment.

The option selected by New Brunswick, Manitoba, Alberta and British Columbia provides that this guaranteed minimum annual amount shall be the sum of:

(a) $12.75 in respect of each person in the population of the province in 1942; plus

(b) Fifty per cent of the provincial income and corporation tax revenue for the year ended nearest December 31, 1940; plus

(c) statutory subsidies payable in 1947.

The guaranteed minimum annual amount in the case of each province under the above option is as follows:

New Brunswick	$ 8,773,420
Manitoba	13,540,038
Alberta	14,227,882
British Columbia	18,120,124

The option selected by Nova Scotia and Saskatchewan provides that the guaranteed minimum annual amount shall be the sum of:

(a) $15 per capita in respect of each person in the population of the province in 1942; plus

(b) statutory subsidies payable in 1947.

The guaranteed minimum annual amount in the case of each province under the above option is as follows:

Nova Scotia	$10,870,140
Saskatchewan	15,291,490

The option selected by Prince Edward Island provides that the guaranteed minimum annual amount shall be $2,100,000, made up as follows:

(a) $15 per capita in respect of each person in the population of the province in 1942; plus

(b) statutory subsidies payable in 1947; plus

(c) an additional amount of $93,068.

In the case of Prince Edward Island, Nova Scotia and New Brunswick, the wartime tax agreement terminated before the commencement of the agreements under the tax rental agreements act and special provision was made in the agreements signed with these three provinces to provide for payments to cover this transitional period. These payments are a proportion of the guaranteed minimum annual amount less the same proportion of the statutory subsidies and less adjustments to take account of the succession duties collected by the provinces in the transitional period.

The appendices to the agreements which list the particular taxes to be suspended or retained by the provinces differ for each province in order to deal appropriately with the various provincial taxing acts.

[Mr. Belzile.]

AGREEMENTS WITH PROVINCES—DECISION OF NOVA SCOTIA SUPREME COURT

Mr. ISNOR:

Will the decision given on June 12 by the Supreme Court of Nova Scotia respecting dominion-provincial powers, not being exchangeable, and specifically concerning labour and taxation matters, affect the dominion-provincial financial agreement signed by both parties last year?

Mr. BELZILE: No.

QUESTIONS PASSED AS ORDERS FOR RETURNS

SUNNYBROOK MILITARY HOSPITAL

Mr. LENNARD:

1. What was the contract price for Sunnybrook military hospital, Toronto?
2. What has been the total cost to date?
3. What is the estimated final cost?

SOLDIER SETTLEMENT AND VETERANS LAND ACT

Mr. WINKLER:

1. Have there been cases under the soldier settlement board where the veteran has given up for any reason, and later came under the Veterans' Land Act?
2. If so, were there applications which were refused, and what were the reasons for refusal?

FLOOD CONDITIONS

BRITISH COLUMBIA—ASSISTANCE IN RESTORATION OF FARMS

On the orders of the day:

Mr. G. A. CRUICKSHANK (Fraser Valley): I should like to direct a question to the Prime Minister arising out of a report in the Vancouver *Sun* of yesterday, that the federal government will grant no assistance in the restoration of the farms in the flooded-out areas. When will the Prime Minister be in a position to make a statement in regard to financial relief to the flooded-out victims of British Columbia?

Right Hon. W. L. MACKENZIE KING (Prime Minister): I may tell my hon. friend that I have been in communication with the premier of British Columbia, and the premier of British Columbia has also been in touch with both members of the commission which has been looking into flood matters. A statement is being prepared which will be approved by both the premier of British Columbia and myself, and when it is ready it will be given to the house.

Mr. E. D. FULTON (Kamloops): May I ask the Prime Minister whether any decision has yet been reached with regard to federal assistance for flood damage compensation in

areas outside the lower Fraser valley in British Columbia? If not, at what stage are the negotiations at the moment?

Mr. MACKENZIE KING: I do not think I am in a position to give my hon. friend any information in addition to that which I have just given the hon. member for Fraser Valley.

Mr. FULTON: May I point out that my question had to do with compensation for areas outside the Fraser valley, a matter which is exercising those who come from that area. The hon. member for Fraser Valley asked about compensation in the area from which he comes.

Mr. MACKENZIE KING: There are continuing communications between the two governments, and there is every desire on the part of each to arrive at an arrangement satisfactory to both. These communications take a little time, and when an official statement can be made it will be given to the house.

OKANAGAN LAKE—REPORT OF COMMISSION OF 1943

On the orders of the day:

Mr. O. L. JONES (Yale): Mr. Speaker, may I direct a question to the Secretary of State for External Affairs. Can the minister say whether action will be taken soon to implement the report having to do with the water level of Okanagan lake?

Right Hon. L. S. ST. LAURENT (Secretary of State for External Affairs): There seems to be some ambiguity as to what report the hon. member is referring to. I got his notice this morning and had inquiries made. It is possibly a report made by a board of British Columbia engineers to the Department of Public Works in 1946. In any event, with the information indicated in the question, and a reference the hon. member gave me to what he said in the House of Commons on June 21, inquiries are being made to obtain for him as much information as can be made available.

Hon. ALPHONSE FOURNIER (Minister of Public Works): I may supplement the answer just given by the Secretary of State for External Affairs. In 1943 a commission was set up by the government of British Columbia and the Canadian government appointing three engineers from Ottawa and three from that province to report on remedial works to be made on lake Okanagan. The report was brought down in 1946. Since then the Canadian government and the province have been considering action to implement the report, and we hope to have action taken during the coming year.

POSTAL SERVICE

AIR MAIL RATES TO YUKON

On the orders of the day:

Mr. GEORGE BLACK (Yukon): I addressed a question to the Postmaster General on June 16, pursuant to the announcement that on the first of July air mail rates would be reduced from seven cents to four cents. I asked him whether that applied to mail in and out of Yukon. To that question he replied: "It does when we are sending our mail by air." May I ask what he means by that statement, "sending our mail by air"? Does he mean simply post office mail, or general public mail?

Hon. ERNEST BERTRAND (Postmaster General): When I made that announcement I made it with reference to Trans-Canada Air Lines. I said that as regards the feeder lines, we would work on them immediately, as soon as we established the first one. I would like to verify the position before giving an answer. I will discuss the matter with my officials and reply tomorrow.

Mr. BLACK (Yukon): One other question. I understand that when a letter with a four cent stamp on it is mailed at a post office for delivery by air mail, it is left to the discretion of the post office officials whether that letter goes via air mail or not. If that is the policy, does the minister approve of it?

Mr. BERTRAND (Laurier): All letters put into letter boxes, or deposited in the post office, and carrying a four cent stamp, will go by air mail whenever we gain time in delivery. Take, for example, a letter mailed in Montreal on Saturday for delivery in Toronto cannot be delivered before Monday. It is not necessary to send that letter by air, but if someone wishes to put seven cents on it to make sure, we deliver the letter on Saturday night to the post office there, but it may not be delivered to the consignee before Monday unless it bears a stamp for special delivery.

WHEAT

QUESTION AS TO RATIFICATION OF INTERNATIONAL AGREEMENT

On the orders of the day:

Mr. C. C. MILLER (Portage la Prairie): I wish to direct a question to the Minister of Trade and Commerce. Can he tell the house when notification of ratification of the international wheat agreement will be made to Washington and when the agreement will go into effect?

Right Hon. C. D. HOWE (Minister of Trade and Commerce): The government of the United States is the recipient of ratifications of the agreement, and the agreement is left open for ratification until the first of July, 1948. What action will be taken at that time is a matter for the committee in charge of the agreement to decide. If the agreement has a satisfactory number of ratifications by July 1, it will go into effect on August 1. If not, the position will be examined by the committee in charge and a decision made.

CANNED AND PROCESSED FISH

PRINCE EDWARD ISLAND—REQUEST FOR COMPULSORY INSPECTION—SALES PROMOTION

On the orders of the day:

Mr. W. CHESTER S. McLURE (Queens): On June 21 I directed two questions to the Minister of Fisheries. I would like to have an answer as soon as possible.

Hon. R. W. MAYHEW (Minister of Fisheries): The questions asked by the hon. member for Queens have been noted, and when the estimates of the department are before the committee today, as we hope, answers will be given.

CATTLE

EMBARGO ON SHIPMENTS TO THE UNITED STATES

On the orders of the day:

Hon. W. EARL ROWE (Dufferin-Simcoe): In the absence of the Minister of Agriculture I would like to ask the parliamentary assistant a question about the embargo on beef going into the United States, in view of the fact that there have been disturbances in the market by rumours which evidently have come from the department for several weeks as to the lifting of the embargo. This has had a consequent effect on consumer prices, and I would ask the parliamentary assistant—

Mr. SPEAKER: Order. I would ask the hon. member to put his question briefly.

Mr. ROWE: I was coming to the question, Mr. Speaker. In view of the fact that the hon. gentleman has already stated that the government—

An hon. MEMBER: Order.

Mr. ROWE: I am not asking you, my hon. friend. May I ask the parliamentary assistant to state to the house and the country whether the government intends to lift the embargo for a certain period. I ask this so that the rumours, which are having a serious effect on the market in Canada, may be disposed of.

[Mr. Miller.]

Mr. ROBERT McCUBBIN (Parliamentary Assistant to the Minister of Agriculture): I may tell the hon. gentleman that negotiations are going forward with reference to the lifting of the embargo, but when it will take place I am not in a position to say.

Mr. GRAYDON: It is going to be lifted, though?

COARSE GRAINS

EXTENSION OF WHEAT BOARD ACT TO OATS AND BARLEY

On the orders of the day:

Mr. E. G. McCULLOUGH (Assiniboia): May I ask the Minister of Trade and Commerce a question. Seeing that we are near the end of the session and that there is extreme interest in the west in the handling of coarse grains, will the minister tell the house whether further consideration is being given the question of bringing coarse grains under the Canadian wheat board? Will he also say something in regard to Bill No. 135, to amend the wheat board act?

Right Hon. C. D. HOWE (Minister of Trade and Commerce): The conditions under which Bill No. 135 would be made operative were stated at the time the bill was introduced. One of the conditions was that there would be complementary legislation by the three western provinces. At the moment there is complementary legislation by one of the provinces, but not by the other two; and unless we have complementary legislation in all three, it will not be possible to put the bill into effect.

Mr. McCULLOUGH (Assiniboia): I understand that Saskatchewan has already passed the necessary complementary legislation. Are negotiations taking place between the other two provinces and the federal government?

Mr. HOWE: A meeting was held in Ottawa last week with the representatives of all three provinces, and the provinces are well aware of the requirements.

Mr. KNOWLES: Is the government?

BUTTER

REFERENCE TO DISCUSSION IN COMMITTEE OF THE WHOLE ON JUNE 22

On the orders of the day:

Mr. JOHN T. HACKETT (Stanstead): I wish to ask the parliamentary assistant to the Minister of Agriculture if he is quite certain of the accuracy of the statement he made last evening, that the quantity of butter in storage on May 1, 1948, is practically the equivalent of the amount in storage a year before.

Mr. ROBERT McCUBBIN (Parliamentary Assistant to the Minister of Agriculture): I did not say that last night. I said there was a difference. I said that the amount of butter in storage now was less than it was a year ago, but I still think that we shall have enough for next winter.

Mr. ROWE: Is it the same this morning as it was last night? That is the question.

WAR VETERANS ALLOWANCES

PROVISION FOR NEGLECTED OR DEPENDENT CHILDREN, INCREASED PERMISSIBLE INCOMES, ETC.

Mr. L. A. MUTCH (Parliamentary Assistant to the Minister of Veterans Affairs) moved the second reading of and concurrence in amendments made by the senate to Bill No. 196, to amend the War Veterans' Allowance Act, 1946.

Motion agreed to; amendments read the second time and concurred in.

DEPARTMENT OF NATIONAL DEFENCE

AMENDMENT OF ACT TO RELEASE FUNDS CONTRIBUTED AT EDUCATIONAL INSTITUTIONS

Mr. HUGUES LAPOINTE (Parliamentary Assistant to the Minister of National Defence) moved the second reading of Bill No. 394, to amend the Department of National Defence Act.

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

On section 1—Moneys to cease to belong to Canada.

Mr. PEARKES: I understand that the purpose of this bill is to enable certain moneys, which were made available by the members of the various officers training corps throughout the country to promote the efficiency of their corps, to be released from the consolidated revenue fund and to be placed in the hands of trustees so that they may be used for their original purposes.

Before and during the war it had been the custom for officers, non-commissioned officers and men of the officers training corps to assign pay received from the Department of National Defence for various purposes, such as the building of drill halls and armouries, and so forth. That practice was wholly commendable, and the moneys had been set aside for that specific purpose. Apparently these moneys have recently been placed in the consolidated revenue fund, and the intention of this amendment is to provide that they shall be made available for the original purpose. With that I heartily agree. But yesterday I asked the parliamentary assistant to the Minister of National Defence whether moneys derived from canteen sources were placed in these funds which it is now proposed to release from the consolidated revenue fund. The parliamentary assistant informed me then that there were no such moneys derived from canteens, but he advised me during the day that this statement was not correct; that a small percentage, some three per cent, of the total moneys was derived from canteens which were run by these officers training corps.

I am afraid that presents this bill in rather a different light. The committee will no doubt recall that only last year we had a committee on army canteen funds. Those funds were placed in an army benevolent fund which was to be administered under the chairmanship of the late Major-General Browne for the benefit of the men of the army who returned from the war and who were eligible to receive portions of this fund for the purpose for which it was created. I wonder whether the portion of these moneys which was derived from the canteen funds should not be placed in the army benevolent fund as were the funds which were derived from other canteens of units of the non-permanent militia, as they were called in the pre-war days.

There was a great deal of feeling at one time that the non-permanent units would like to administer and use for the benefit of the men who passed through them, or for promotion of the efficiency of their particular units, the funds accumulated in the canteens which they had operated. For instance, the highland units were anxious to obtain kilts; other units perhaps thought it would be a good thing to obtain instruments for regimental bands, or to promote the efficiency of their reserve army unit at the conclusion of the war. I am not sure that we are right in assigning to these purposes the money which came from canteens when we have denied to the units of the non-permanent militia or reserve army the right to utilize their canteen funds for their own particular purposes.

Mr. LAPOINTE: As the hon. member for Nanaimo pointed out, yesterday in the course of the explanation I gave at the resolution stage I answered a question of the hon. gentleman as to whether any of the funds affected by this legislation were canteen funds. My reply was in the negative. Later I was informed that a small percentage was canteen funds. However, I wish to point out that the benevolent fund to which my hon. friend has just referred, which was created last year by an act of this parliament, affected only canteen funds of the active force, and that no canteen funds

of reserve force units were placed in the benevolent fund. The canteen funds of the C.O.T.C. were those of a strictly reserve unit which, under the act creating the benevolent fund, would not be included.

I might add that the action now being taken by the department is the expressed wish of all the C.O.T.C. units which existed during the war, numbering some twenty-eight. Since the end of the war they have repeatedly pressed the department for the release of these funds from the consolidated revenue fund, to be used for their original purposes. In some instances the amounts are considerable. In some cases the entire amount was collected through voluntary assigned pay on the part of the members of the corps, and substantial subscriptions by private individuals and bodies for memorial purposes, or for building accommodation strictly for the use of that particular contingent. The department has taken the view that considering the circumstances which existed in connection with a C.O.T.C. unit, which are quite different from those of the ordinary reserve units, the funds should be remitted in trust to the units concerned, to be used for the purposes for which they were originally collected. For instance, in one particular case all the members going through the particular C.O.T.C. unit—and I understand some 8,000 went through during the war—assigned their pay, both headquarters and camp pay, for the purpose of building a memorial to the C.O.T.C. of the particular university. I believe the wish of those men, who could have drawn their pay and then subscribed it to a particular fund with the same result, should now be acceded to.

Mr. COCKERAM: Can the parliamentary assistant tell us the total amount of money involved, with a breakdown by corps?

Mr. LAPOINTE: The total is $317,895.38. The breakdown would be lengthy. If the committee is willing, I might simply place it on *Hansard.*

Mr. LENNARD: Put it on *Hansard.*

Mr. LAPOINTE: I should like to give a short explanation for the purposes of the record. In some cases the funds include an unexpended portion of government allowances to these contingents for purposes of administration and organization. These were kept in the same accounts as the regimental funds. When the decision was reached to release the funds, a board of officers was convened in every case to determine the unexpended portion of government allowances, if any, and where such exist they are being deducted from the amount returnable to the C.O.T.C. Those funds will be retained in the consolidated revenue fund.

The CHAIRMAN: Has the parliamentary assistant unanimous consent to have the statement appear on *Hansard?*

Some hon. MEMBERS: Agreed.

Mr. MacINNIS: This is departmental material?

Mr. LAPOINTE: Yes.

(*The statement appears on following page.*)

Mr. LENNARD: I presume the governor in council will appoint as trustees in each instance responsible local people interested in the local university, who will receive the money?

Mr. LAPOINTE: That is correct. In some cases the trustees already have been chosen and a trust fund created.

Mr. GILLIS: I just want to get the record straight. The hon. member for Nanaimo would lead one to believe that this might involve the regular army, navy and air force units. That is not so?

Mr. LAPOINTE: That is not so?

Mr. GILLIS: There is a special act dealing with those bodies?

Mr. LAPOINTE: That is correct.

Mr. COCKERAM: The parliamentary assistant stated that these amounts include certain unexpended portions of grants made in the past to these C.O.T.C. units, and it strikes me there is no reason why that money should not be given back to them. Nothing was done in connection with the reserve army to recover any money unexpended at the end of the war, and I believe the C.O.T.C. units need encouragement and money. If through economy and good management they were able to save some money, I see no reason why it should be paid back to the government. They should be allowed to retain all the money for the benefit of the unit.

Mr. LAPOINTE: The only answer I can give the hon. gentleman is that under the Consolidated Revenue and Audit Act these are considered public moneys. The difference is that the sums we are now trying to release consist in large part of pay and allowances and subscriptions by individuals, not by the government. Just what is the method of accounting with respect to the unexpended portion of governmental grants is something I could not say. I dare say that if they are

still in the funds of the C.O.T.C. that may be taken into consideration when the annual grant is made, but I do not think we can deal with governmental allowances through this bill. I suggest that the hon. gentleman bring up the question when we discuss the estimates, and at that time a thorough explanation may be given.

Section agreed to.

Bill reported, read the third time and passed.

Analysis of Surplus Funds of C.O.T.C. Contingents as at September 30, 1947

Contingent	Type of Fund	Total Surplus	Unexpended Govt Allces. Determined by Bds of Officer	Maximum Amount For Adjustment
		$	$	$
Queen's university	Regt funds	60,980.12	Nil	60,980.12
University of Manitoba	" "	36,647.16		36,647.16
McMaster university	" "	10,633.96	2,075.67	8,558.29
University of B.C.	Offrs' mess	649.13	Nil	649.13
	Regt funds	16,194.59	306.97	15,887.62
University of Saskatchewan	" "	14,921.15		14,921.15
Mount St. Louis	" "	4,565.18	Nil	4,565.18
Osgoode Hall	" "	5,900.00		5,900.00
Jean de Brebeuf	" "	1,152.34	Nil	1,152.34
St. Joseph's university	" "	101.49		101.49
Bishop's college	" "	3,354.08		3,354.08
University of Toronto	Offrs' mess	1,323.58	Nil	1,323.58
	Regt funds	44,480.85	2,768.70	41,712.15
University of Ottawa	" "	8,179.30	955.71	7,223.59
	Offrs' mess	271.14	Nil	271.14
	Sgts' Mess	58.54	Nil	58.54
Ontario Agricultural college	Regt funds	2,729.30	Nil	2,729.30
University of Western Ontario	Offrs' mess	17.11	Nil	17.11
	Regt funds	1,475.77		1,475.77
University of Montreal	Offrs' mess	6,589.01	Nil	6,589.01
	Regt funds	12,816.85	787.50	12,029.35
Laval university	" "	2,261.14	120.71	2,140.43
Dalhousie and King's college	" "	1,462.81	798.05	664.76
Nova Scotia technical college	" "	657.50		657.50
St. Dunstan's university	" "	111.47		111.47
St. Francis Xavier university	" "	50.77		50.77
Mount Allison university	" "	971.59	971.59	
St. Thomas university	" "	360.95	360.95	Nil
University of N.B.	" "	991.31	869.81	121.50
University of Alberta	" "	4,679.75	Nil	4,679.75
St. Mary's college	" "	664.98		664.98
Acadia university	" "	851.72		851.72
Loyola university	" "	5,680.58	926.30	4,754.28
	Offrs' mess	286.94	Nil	286.94
McGill university	Regt funds	73,618.74	562.50	73,056.24
	Band fund	393.31	Nil	393.31
	Off and cadets	3,286.14	Nil	3,286.14
	Offrs' mess	29.49	Nil	29.49
		329,399.84	11,504.46*	317,895.38

Note: (*) Where no amount is shown or the word "nil" does not appear, the amount of unexpended government allowances is not presently available.

INCOME TAX ACT

REVISION AND CONSOLIDATION

Hon. DOUGLAS ABBOTT (Minister of Finance) moved that the house go into committee to consider Bill No. 338, respecting income taxes.

Motion agreed to and the house went into committee, Mr. Macdonald (Brantford City) in the chair.

Sections 1 to 5 inclusive agreed to.

On section 6—Dividends, annuities, etc.

Mr. MACDONNELL (Muskoka-Ontario): Mr. Chairman, I should like to refer to paragraph (j), about which I believe the minister has received representations. It reads:

Amounts received by the taxpayer in the year that were dependent upon use of or production from property whether or not they were instalments of the sale price of the property, but instalments of the sale price of agricultural land shall not be included by virtue of this paragraph.

I know the hon. member for Calgary West wishes to speak to this paragraph. It has been brought to my attention that under this paragraph royalties on oil wells are being taxed not as capital but as income. Let me point out that the so-called royalties are in effect the capital of the person receiving them. Why is this form of capital singled out for the treatment indicated in the paragraph? It seems to me that the taxing authorities have a feeling that this is a sort of bonanza or windfall which may come to a person concerned, and therefore in a rough fashion this is a process of taking a slice of the receipts. I suggest that that is an inadequate reason for departing from ordinary taxation procedure. It may be in the minds of the government that people are getting huge windfalls and that therefore they should not be greatly concerned about the tax.

Mr. ABBOTT: I am not quite clear as to the facts the hon. member may have in mind, but I am informed that there is no change in the law respecting the taxation of royalties. Oil royalties as such are and always have been subject to tax, with the appropriate deductions for depletion.

This section is not designed to tax oil royalties as such. It is really intended to effect a transaction which is an exchange of rights for royalties which are income. I am told there is no change in the substantive law. The pertinent section in the law, as my hon. friend probably knows, is section 3 (1) (f), which defines, as being included in income—

> Rents, royalties, annuities or other like periodical receipts which depend upon production or use of any real or personal property notwithstanding that the same are payable on account of the use or sale of any such property.

I have been assured by the law officers of the Department of Justice that there is no change in the substantive law.

Mr. MACDONNELL (Muskoka-Ontario): I did not intend to suggest there was a change contemplated at the present time. My understanding is that the change was made earlier. Originally an attempt was made to tax oil as revenue, and this was ruled out. There was a case which tested that procedure, with which the minister is no doubt familiar. In that case the privy council held that the sale of oil was the realization of a capital asset and therefore was not subject to taxation. I understand that thereafter the legislation was altered. I presume the wording is the same as that which we have now.

The point I raise now is the principle involved. Surely the minister will agree that in substance this is a taxation of capital. This oil which comes out of the ground is a wasting asset. Why should we tax this capital any more than any other kind? How can it be suggested that this is anything other than capital which the owner of the land is receiving?

[Mr. Macdonnell (Muskoka-Ontario).]

Mr. SMITH (Calgary West): I should like to say only a word on the same subject. I do not know whether the committee is clear as to the exact meaning of a royalty. Perhaps I might put it this way. We will say that a man owns a quarter-section of land and the oil underneath it. This question is of particular interest to the Leduc area because it is one of the oldest settled areas in Alberta. When the government of Canada granted land titles, the grants included the rights to mines and minerals—and oil has been held to be a mineral. A man owns the oil just as much as someone in Ottawa may own a building; there is no difference in principle. Oil may be found in a neighbourhood, following which an oil company will come along and buy the oil under the land. But the company will buy only, we will say, seven-eighths of it. In this instance I am speaking only for the small group of farmers who own the oil rights under their land. The oil company will make a development, with the farmer still owning one-eighth.

Let us assume that across the river in Hull I have some huge tanks containing 100,000 barrels of oil. It may be that I have no sale for it in Hull, or that it commands a better sale in Ottawa. I move my 100,000 barrels of oil to Ottawa so that I can sell it here. Obviously no tax would be involved. Exactly the same reasoning applies to oil under the ground. Instead of moving the oil horizontally, as in the illustration I have given, I move vertically the oil which is under the ground. That is the only difference in principle, legally or otherwise, that can possibly be attached to this question of royalties.

It is said that certain allowances are made. I know that; and I have no objection to them. But this is a tax on capital, and it is nothing else. You do not need to worry about the companies who develop the oil. That is their business, and so they pay taxes. I am not speaking for them at all. I am speaking for the individual farmer who owns this land and has oil as part of his land.

Let us assume that down here a few years ago I bought a thousand shares of Consolidated. That is an imaginary purchase, of course, because I never had enough money to buy a thousand shares of Consolidated. Then suppose that after holding those shares for some time I sell them at present prices. I have made a capital gain. I owned some oil,

it increased greatly in value, and I sold it. I have done nothing more than make a capital gain. Remember I am not in the oil business; I am a farmer and I am still farming the surface of my land.

Let me give another illustration—and this actually happened. The owner of a quarter-section of land is permitted under government regulations to drill four wells. In the case I have in mind the farmer, or his solicitor when he sold seven-eighths to the oil company very foolishly put in a clause providing that the company must develop those wells consecutively and without delay. He has four wells operating on that property. The four wells bring in daily a lot of oil. They are limited to 175 barrels a day—to take a round figure we will say 200 barrels. That farmer has, then, 800 barrels a day coming in. That will sell for approximately $3 a barrel, or $2,400. One-eighth of that is $300, and according to the present ruling he would pay income tax on the total $300. A mile away, we will say, is another man who has sold his land. They get cash, of course, as much as $200,000 for a quarter section. He has made his sale, but his sale agreement does not contain this quick development clause, and so the company drills one well on his property and then goes and looks after its business elsewhere. The result is that that man pays this year only on the product of that one well, whereas his neighbour is paying taxes on the four producing wells. The man who had the quick-drilling clause in his agreement is in a bracket away beyond the chap a mile away who has only one well producing. The law works an extreme injustice as between those two persons. I want to make this plain: I am talking of actual cases. I know of cases which parallel the illustrations I am giving.

I would like very much to have someone tell me, first of all, why this capital gain is taxable, and next, whether something cannot be done to level off as between the two farmers about whom I have been speaking.

Mr. ABBOTT: I have followed my hon. friend closely. It is a technical subject, and I have not, of course, his knowledge of the practical operations, and certainly not of the way in which these contracts are drawn. But this is a question of policy. The hon. member for Muskoka-Ontario, I appreciated later, was speaking not of the drafting of the act but of the policy. I am told that this has been the policy since 1934, and all I can say now is that I will study the question that has been raised by the hon. member for Calgary West, and see what, if anything, can be done. It would be a matter that would have to be taken care of as a budgetary item and not by revision through this bill.

Mr. SMITH (Calgary West): I suppose I must be content with what the minister has said, but he will remember what happened in the Spooner case, which went to the privy council. The privy council held that this was a capital asset, and then the government for reasons best known to itself passed a statute which said it is not a capital asset. That, in laymen's language, is what happened. The main point I have in mind is this, apart altogether from the individuals who will be called upon to pay these tremendous taxes. This policy is a departure from the over-all principle of our taxation, because we in Canada have not yet seen fit, as they have to some extent in the United States, to tax capital gains, and why we should pick out these poor farmers—they were poor; they are not now—and tax their capital gains while we do not tax the capital gains of well-off people who buy stocks and shares, is something I cannot understand. The farmer who has been working on his farm for perhaps thirty or forty years has his capital gains taxed. That may be a matter of government policy. If it is, it is a kind of government policy which someone should be prepared to justify.

Mr. ABBOTT: I will certainly look into it. The change was made when Mr. Bennett was prime minister. Perhaps he knew more about oil than I do. At any rate I will look into it.

Mr. SMITH (Calgary West): May I answer the remark that the change was made when Mr. Bennett was prime minister? It was made by the same officials in your department who were there when Mr. Bennett was there.

Mr. ABBOTT: I do not think any officials made Mr. Bennett's decisions for him, did they?

Mr. SMITH (Calgary West): It is possible for anyone, including Mr. Bennett, to make a mistake.

Mr. ABBOTT: I know it is a favourite sport to blame things on officials. I find people all too prone to blame their own shortcomings on officials.

Mr. HACKETT: There is a kindred question which I think might be considered by the minister when he is considering the matters raised by the hon. members for Calgary West and Muskoka-Ontario. I refer to the allowance made for depletion. Twenty per cent is allowed on dividends from Canadian wells, and only ten per cent on dividends from wells situated elsewhere, principally in the United States.

The argument has been advanced that governments can supervise more effectively the accountancy and methods of operation of Canadian companies than they can of United States companies. With the treaty arrangements which exist between the United States and this country, that is not altogther a satisfactory answer. Moreover, the same principle does not apply to mines. The department allow certain depletion with regard to mines in Canada, and if my information be correct they allow the same depletion with regard to mines outside of Canada, particularly in the United States. As the act is being revised, it would seem well to endeavour to introduce more uniformity and equity into its terms.

Mr. MACDONNELL (Muskoka-Ontario): I am sure the minister realized that I was pinch-hitting for the hon. member for Calgary West. I do not need to tell him that. I do want to add this one thing. This taxation is in essence a kind of punitive taxation. It appears to be the result of the feeling that here is somebody who has something of which he may be despoiled, and we can do it. When the minister is thinking this over I suggest very earnestly that it is not a good basis of taxation. If capital gain should be taxed, for which there is an argument, all right, tax it; but I think it is undesirable to pick out one and leave the others alone.

Section agreed to.

Section 7 agreed to.

On section 8—Appropriation of property to shareholders.

The DEPUTY CHAIRMAN: The committee made an amendment to section 8, subsection 2. The amendment is, "shall be deemed to have been received by the shareholder as a dividend for the year."

Section agreed to.

On section 9—Winding-up.

Mr. JACKMAN: Subsection 3 says that in the case of reorganization or readjustment of the capital stock the new shares shall be taxable in the hands of the shareholder to the extent that any unearned surplus is used to make up the capitalization or the new stated value of the shares. I think that is a fair enough provision so far as it affects Canadian companies, where the earned surplus would ordinarily be taxable when paid out. But it causes a considerable amount of embarrassment and confusion to Canadian shareholders of the United States corporations which subdivide their shares and allocate a part of their United States earned surplus, which would in no case be taxable by our own government when they issue the new subdivided shares. For that reason I feel that there should be some limitation in subsection 3 so that a Canadian shareholder in the position I have outlined would know what his taxation status was, and that the best thing for him to do would be to dispose of his United States shares and thereby lose opportunities to benefit himself and the whole Canadian economy.

If the United States company is subdividing its shares it is not very likely to consider the distribution of more than all its earned surplus. On the other hand, it will likely be distributing its current earnings, and the shareholder here would not benefit from the earned surplus that is not to be distributed. The company is obviously in a profitable condition if it is subdividing its shares. I do not think the government would lose any revenue, but on the other hand it would simplify the holding of United States shares by Canadians and allow them to stay in a situation which had proven profitable, and which would continue to prove profitable, and thereby make greater income in their hands available to the taxing authorities.

Mr. ABBOTT: Perhaps I may say a word in reference to what the hon. member for Rosedale said. I am aware of the problem that he has put forward. It is a complex one, and there are serious administrative difficulties. Among other things it must be shown that there is undistributed income in the hands of the United States company which renders the Canadian shareholder liable to taxes on the reorganization. I am told that in some cases the financial structure is so complex that it has been far from clear that there was any tax liability. We are aware of the problem. We have not been able to devise any limitation which can be put in here which would be sufficiently general to make it administratively possible to handle the section.

Mr. JACKMAN: Why is it not possible simply to limit this section to subdivision of shares on the part of the Canadian company?

Mr. ABBOTT: We would lose taxes on something which is properly income and which we should get. That is the difficulty there.

Section agreed to.

Section 10 agreed to.

On section 11—Capital cost of property.

The DEPUTY CHAIRMAN: There is an amendment to paragraph (b) of subsection 1 of section 11. The amendment reads:

Such amount as an allowance in respect of an oil or gas well, mine or timber limit, if any, as is allowed to the taxpayer by regulation.

Mr. FRASER: The minister no doubt has had a letter from the professional engineers asking whether their expenses could be deducted from their income tax.

Mr. ABBOTT: Yes. I have not only had a letter but I have had a delegation from the professional engineers. This question as to what is deductible from wages and salaries has been before the committee a great many times. If the engineer is engaged on a fee basis and has a gross income, he of course deducts his expenses; but the representation to which my hon. friend referred related to engineers who are employed on a salary by corporations and others. As the committee knows, there are no deductions from salaries for expenses. That has to apply to engineers the same as it does to others, but I have had the representations to which the hon. member referred. It really should come under section 5, although it may be brought up here.

The DEPUTY CHAIRMAN: There is a further amendment to section 11. The amendment refers to subsection 2 on page 9 of the bill. As amended it will read as follows:

There may be deducted in computing the income of a shareholder from shares in a corporation whose income is from the operation of an oil or gas well, or mine, such amount, if any, as is allowed by regulation.

Then, subsection 3 will read:

Where a deduction is allowed under paragraph (b) of section 1 in respect of oil or gas well, mine or timber limited operated by a lessee, the lessor and lessee may agree as to what portion of the allowance each may deduct and, in the event that they cannot agree, the minister may fix the portions.

Mr. FULTON: I want to put forward briefly a point which was raised with respect to paragraph (g) of subsection 1 of section 11, having to do with deductions from income for contributions to superannuation funds. Since this matter was raised in the committee I have had a number of further representations to the effect that while this deduction is applied to those who contribute to approved superannuation or pension funds, no provision is made for those who arrange their own retirement by way of insurance premiums or annuity policies, and that fact works a grave hardship. The suggestion made, that the minister take this into consideration and revise it if possible at the next budget, seems to have met with a degree of favourable approval in the committee. I would ask the minister to repeat the assurance, if he can, and say whether in the meantime he has given further thought to the matter.

Mr. ABBOTT: I have not been able to give further thought to this particular question, but I did assure the members of the banking and commerce committee that these sections relating to deductions for pension schemes and the like would be thoroughly reviewed before the presentation of the next budget.

Mr. GRAYDON: May I raise one other question? I have had letters from persons employed in an industry in central Ontario seeking information as to why the government is charging income tax on cost of living bonuses. Apparently these cost of living bonuses fluctuate in certain plants. If the cost of living goes down, the bonus disappears, but when the cost of living goes up, a compensating factor is provided by the additional amount. I am not an expert on income tax, and I think that remark applies to many hon. members in this house. Perhaps it is because we have not had enough income to become really experienced in it. In any event, can the minister enlighten me, as one of the inexperienced laymen so far as this subject is concerned, just what this all means, and what the possibilities are of giving these people the relief for which they are asking?

Mr. ABBOTT: I am not familiar with the exact form which this cost of living bonus takes, but I suppose it is an increase in salaries or wages depending upon the increase in the cost of living index. It is true it is expected that it will take care of the increased cost of living, but that applies to other wage increases, whether tied to the cost of living index or not, and the general principle of the income tax law, as hon. members know, is that income is taxed. After all, broadly speaking, one's whole income is intended to enable one to meet the cost of living. For that reason no consideration has ever been given to establishing a tax exemption on earnings. As to expenses, these are deducted from gross income as allowed under the law before arriving at net income. I do not think it would be possible, and certainly it would not be consistent with the income tax structure, to permit this form of wage or salary increase to be exempt from income tax. That is the principle on which the law has proceeded.

Mr. McMASTER: There are several questions I wish to ask and perhaps the minister can answer them all at the same time.

I would like to know whether the regulations when they are made will be published, and also why parliament should not be asked to approve of such regulations.

I would like to know why the sum of $900 has been fixed as the maximum for contributions to pension funds, whether or not a larger percentage should be allowed, perhaps to the man in the lower brackets, and to what extent

it will help him as against loss to the public as a whole of its revenue.

I come now to clause (j), which refers to the amount allowed to the taxpayer who is separated from his wife. I think the converse applies when the wife separates from her husband. I would like to know whether or not this puts the taxpayer who is separated from his wife in a preferred position in the matter of income tax. As I understand it, most of us are allowed $750 as exemption on account of having a wife, which is not always sufficient to meet what we actually spend for her; yet if a man is separated from his wife he is allowed an expenditure of perhaps $2,000 or $3,000 if his payments amount to that much. The maximum should be $750. I will admit that the wife is taxed also, but as to those in the lower income tax brackets, the wife might have little other income and she would be in a preferred position.

Then we come to subsection 5(a), the capital cost of property. Again I would like to know what the capital cost of property is. How is it arrived at? I believe that in some cases property when transferred, having been depreciated once, starts once again on the long road of depreciation for the new owner. I would like to know how the department intends to arrive at the capital cost.

Mr. ABBOTT: First as to the question of regulations, my hon. friend was not in the committee when I explained that in the revision we have tried to eliminate as many of the ministerial discretions as possible. I expressed the view that perhaps we had eliminated too many, and we may have to put some back, because most of them were put in to enable the rigorous provisions of the act to be relaxed. In any event, that will be demonstrated by the process of trial and error. The principle followed, where it is obviously necessary to leave some measure of flexibility in the act, and it is not possible to spell out every single case, is to provide that they may be covered by regulation to be adopted by the governor in council in the form of order in council, to be published. I would expect that these regulations would form a volume which would be available to all taxpayers, and to lawyers and accountants for the purpose of enabling them to inform themselves and to advise their clients.

The regulations under this act have not yet been prepared. They are being worked on, but the act is not to come into force until the first of January next, and well before that time we expect to have the regulations adopted. I would hope that well in advance of the first of January they will be published

[Mr. McMaster.]

so that they can be subject to examination and criticism by those interested. That is the reason for the regulations.

I do not recall why $900 was selected as the amount which may be deducted from earnings as contribution to an approved pension plan. It represents $75 a month, and six per cent interest on $15,000. But one has to take a figure somewhere, and that figure was selected some time ago. There is no change in the law here.

As regards the question of alimony, it is some little time since I piloted this resolution through the house, and since I have never been personally interested, the relevant considerations have escaped me at the moment. I think it is fair, however. It was introduced first for one year and representations were made that it was too rigorous and an amendment was made in the following year to make it permanent. That is my recollection.

Mr. JACKMAN: There was nothing left after the two taxes were imposed. It created a hardship which was impossible.

Mr. ABBOTT: I think the hon. member is right. The change was made after the other tax was imposed. The last question asked by the hon. member was: What is capital cost of the property, in subsection 5? I am informed that it is what the taxpayer paid for it.

Mr. McKAY: In regard to subsection 8 of section 11, which has to do with expenses of transport employees, a good many railway workers, the running trades in particular, complain that the amount allowed for deduction from income tax on account of expenses while working away from home is inadequate. They point out that the cost of living has gone up substantially in hotels and rooming houses, and of course the cost of meals has increased 40 per cent. I think the general consensus amongst these workers is that there should be an increase of at least 33⅓ per cent in this exemption.

Mr. ABBOTT: There is no requirement for any increase. They are allowed their actual expenses for board and room while away from home. It may be that some of the brotherhoods have an arrangement with the Department of National Revenue under which a standard rate is taken; I do not know. But that is an administrative matter. A member of the running trades is entitled to claim his actual out-of-pocket expenses for board and room. Of course they must be reasonable. I do not suppose he would be allowed to take a suite at the Chateau Laurier—I am saying that in a joking way, of course. But the law

enables him to claim his actual expenses for board and room when away from home.

I think this section is giving reasonable satisfaction to the trades, and it is being extended to other transport workers.

Mr. JAENICKE: Is this changed?

Mr. ABBOTT: It is not changed. There was a budget item extending the operation of this clause. There is no change in this bill.

Mr. HACKETT: I asked the minister when the bill was before the house if he would give certain detailed information as to the tax imposed by the state of New York, as to the number of states in the union which had higher income taxes than New York and the number which had lower income taxes. It seems to me that this may be an opportune moment for him to give that information.

Mr. ABBOTT: I have that information, Mr. Chairman, but I left it in my office. I thought I had it among my papers here. I can send for it and have it in a few minutes.

Mr. HACKETT: If the minister will get it and bring it forward at some conveniently early moment, I shall be satisfied.

Mr. COCKERAM: As to the question brought up by the hon. member for Kamloops, allowance for insurance payments, may I ask if such an allowance is not made under the British income tax act? People over there are allowed a deduction for insurance premiums, are they not?

Mr. ABBOTT: I think I was told there was some deduction. I am not quite sure. I would have to verify that. I am going to look into the whole situation, anyway.

Mr. CASE: The minister made a statement with respect to the running trades on the railroads. He said jokingly that he did not suppose they would be permitted to have a suite at the Chateau Laurier, but the fact remains that if they have a suite at the Chateau Laurier and can prove that they spent their money living in that place, they are entitled to that exemption. They submit their bills to prove they actually paid the money out. Is that right?

Mr. ABBOTT: No. They would not be able to do that, because under section 12, subsection 2, no one is entitled to deduct, in computing income, anything except in respect of an outlay or expense which was reasonable in the circumstances. I do not think it would be considered reasonable that, let us say, a conductor or an engineer who in the course of his duties had to stay overnight in Ottawa should take a suite at the Chateau Laurier. Perhaps I should not have used that example; I said it jokingly. It is quite clear that that would not be allowed. It must be a reasonable expense.

Mr. CASE: That is all right. What I wanted to get at was this. If he can submit bona fide vouchers that he has paid out a certain amount of money, and it is a reasonable expense—we will use that word—he is entitled to that exemption?

Mr. ABBOTT: That is quite correct.

Mr. SKEY: I was not in the committee at the beginning, but can the minister tell me if his attention has been called to the fact that in the preamble the word "may" in the second line might be changed to "shall"?

Mr. ABBOTT: Which section is my hon. friend referring to?

Mr. SKEY: Section 11, subsection 1. The tax foundation have criticized this preamble in that it does not say "shall".

Mr. ABBOTT: I am told by the assistant deputy minister that "may" is the correct word. It is permissive. It does not require him to give a reduction unless he wishes to do so.

Mr. SKEY: The point is that the taxpayer should be protected by a stronger clause, and they have suggested "shall be entitled to deduct."

Mr. ABBOTT: That is what "may" means. It is the old argument of the lawyers as to the correct use of "may" and "shall". I think it is all right, Mr. Chairman. It has been this way for a long time.

Mr. FLEMING: I have just come in from another committee. With regard to section 11, may I ask if the amendments which were made in the banking and commerce committee have been incorporated in the bill?

Mr. ABBOTT: All the amendments have been incorporated in the bill which was before the committee.

Section agreed to.

On section 12—Deductions not allowed in computing income.

Mr. SKEY: Section 12 has been criticized on the ground that it—

> . . . excludes many ordinary and proper business expenses resulting in a necessary exercise of administrative discretion going beyond the law and causing uncertainty for the taxpayer.

Has the minister's attention been called to that criticism?

Mr. ABBOTT: I am not aware of that criticism. This section—with others, of course—has been the subject of representations from all sorts of representative groups such as boards of trade, the tax foundation, the chartered accountants association, the Canadian Bar Association, and others. There is, if anything, a relaxation of the present wording by this section. It has always, however, been the law in some form.

Mr. SKEY: The tax foundation have recommended that the wording be changed to something of this type:

No deduction shall be permitted in respect of any item of any item of expenditure or of charge except so far as it is attributable to and incurred for the purposes of the business.

That is the wording proposed by the British codification committee, 1936. They felt that would be an improvement to this section and would protect the businessman to a considerable extent.

Mr. ABBOTT: I am sure consideration was given to it. This language represents what we finally decided was the most desirable.

Mr. COCKERAM: There has been some criticism by business with regard to this bill. I have here a letter from the board of trade of the city of Toronto which reads in part:

Also it is regretted that those charged with the duty of preparing Bill No. 338 have so largely disregarded the many uniformly supported recommendations put forward by this board and other professional and business organizations with a view to bringing income for tax purposes more into conformity with actual income under modern business practice.

A request was made that these organizations be allowed to appear before the committee, but evidently it was not desired that that should be done. I think these business organizations still feel that they have been pushed aside. They were asked for recommendations in the first place, then they were pushed aside and not much attention was paid to the recommendations they made.

Mr. ABBOTT: As to the board of trade of the city of Toronto, this was discussed in the committee. The board of trade of the city of Toronto on March 25, submitted a complete brief which was carefully considered. Nearly all, in fact I think all the recommendations in the brief related to substantial policy matters, not to drafting changes. They were considered; but as I had occasion to say before, in this revision we are not making substantial policy changes. That I feel is a matter for budgetary announcement and debate in the house as part of the budget. Certain changes which were not in the law before and which are in this bill I brought in as budget announcements in this year's budget, and appropriate amendments were made to the Income War Tax Act to have effect until January 1, 1949. By and large, however, the job we have tried to do on this bill is a re-arrangement, a revision and simplification, if possible, without making any radical policy changes. Those are matters, as I say, which the government must decide, and any proposals of the kind would be introduced as budget proposals.

Mr. SKEY: Broadly speaking all the criticism of this bill can be summed up in the simple word "discretionary". All these people feel that the powers left with the minister are too great, that they do not sufficiently protect the taxpayer.

Mr. ABBOTT: I am interested in that statement, if I may say so, because most of the ministerial discretions have been removed, and I have had representations from individuals and organizations such as the Canadian Bar Association, the chartered accountants association and others, expressing considerable doubt as to whether we had not taken out too many discretions.

Some hon. MEMBERS: Oh, oh.

Mr. ABBOTT: I know this matter of discretions has been made quite a point, but I have taken out nearly all the discretions. I seldom venture to prophesy, but I am going to do so now. I prophesy that I, or whoever is Minister of Finance in future, will be urged by groups of taxpayers to restore some of these discretions, and that before very long. I ask hon. members to remember that prophecy.

Mr. TIMMINS: I think we should keep the record clear in respect to this bill and what happened when it was before the committee. The minister will correct me if I am wrong, but my understanding of the progress of the bill in committee is that no personal representations were permitted by any group in Canada. In other words no group appeared before us and made oral representations. I think the minister will consider I am fair in saying the attitude he took was that this was purely a matter of codifying the bill, in a sense—making a few little amendments; that on the whole it was in the nature of a codification and that having regard to the length of time we had to deal with the bill, representations would not be acceptable. Further than that, whatever briefs did come in—and there were a number—came to the members of the house

and to the minister, and were considered not by the committee but by the minister's advisers.

Mr. ABBOTT: And by the minister.

Mr. TIMMINS: And by the minister himself. I want to keep the record straight in this matter, if I can, by saying that we had only about three sittings, four at the most, of the committee, and that we dealt only with matters of which we as members of the committee had knowledge, either from the briefs we had received from various associations and groups concerned with this bill or from our personal experience. As a matter of fact we dealt with this matter in the course of about a week, and I think the public should know that we did not deal with it in committee as we have dealt with a number of other bills, when people were allowed to come forward and make oral representations in an endeavour to convince members of the committee or the minister or his deputies that some changes should be made.

Mr. LENNARD: Just for budget consideration I should like to put forward a suggestion which has been put forward many times before; that is, that the most serious fault in connection with stimulating business, providing employment and all the desirable things from the standpoint of our national economy, is the double taxation of corporations. In that regard I should like to ask one question. Is double taxation of incorporated companies and their shareholders in force in England?

Mr. ABBOTT: I am told it is now, that they have a tax on business profits in England as such. I understand that the condition which prevailed previously, whereby the taxpayer could take credit for the normal tax which had been deducted from his dividend by the corporation before he received it, still prevails, but that there is a business tax on the corporation itself.

Mr. LENNARD: The taxation on business profits in England was just above a certain level, was it not?

Mr. ABBOTT: I am told it was on all profits. I am not personally familiar with the matter.

Mr. LENNARD: There is no basic level taxation in England?

Mr. ABBOTT: There is no exemption; there is no standard profit. It is just a business profits tax.

Mr. GILLIS: What has taxation in England to do with this bill, may I ask? Why does the hon. member insist on having the minister explain whether there is a business tax on profits in England?

Mr. LENNARD: That is my business. That was my question.

Mr. GILLIS: You are merely talking for propaganda.

Mr. LENNARD: No propaganda about it all.

Mr. GILLIS: If the hon. member wants to raise that question and take up the time of the committee with it, we are quite prepared to tell him all about it; but I do not think it has anything to do with this bill.

Mr. ABBOTT: I agree, Mr. Chairman; I do not think it has. Before I forget I should like to reply to the hon. member for Stanstead, and give him the information I promised to get about state income taxes in the United States, for which he asked at an earlier stage of the discussion.

My information is that the state taxes are almost nominal and might have been left out of the calculations I gave in the budget speech without affecting the substance of the argument. For example, taking a married man with two children in New York state as a typical example, at $5,000 this taxpayer would pay $16. At $7,500 he would pay about $65, and at $10,000 he would pay about $132. Needless to say, these amounts are only small fractions of the taxes payable to the federal government in the United States at those levels, and they make very little difference in a comparison of the total income taxes in the two countries.

The calculations which have been made by the officials of my department show thirty-one states which levy personal income tax. Of those states at least twenty impose higher taxes than New York state. In six of the remaining states the taxes are somewhat lower, while in the other four we have not sufficient information to lead to any conclusion. On the basis of population distribution I am informed that about sixty per cent of Americans live in states having income tax; about ten per cent of the total population lives in New York state, and about twenty-seven per cent in states having an income tax higher than New York state. I have a long table here containing a great many figures which I have not studied very carefully, but which I should be glad to make available to my hon. friend if he would care to have it. I do not know that we need place it on *Hansard*.

Mr. HACKETT: I should be very glad to have it tabled.

Mr. ABBOTT: Very well.

Mr. HLYNKA: I do not know whether this is the proper section on which to bring up this question, but a few days ago I asked the minister about farmers who had sold their land to oil companies on a royalty basis, and who are being taxed very heavily. Would the minister care to comment on that point, and say what is the position of those who sold on a royalty basis instead of for a lump sum?

Mr. ABBOTT: I think that would come under the previous section. I know the representations my hon. friend made to me. This would represent quite a substantial policy change. As I remember it, the hon. gentleman was suggesting a basic exemption, which I could not undertake to make in a revision of this kind. That would have to be considered as a budgetary item and brought down in that way, as I have stated in connection with similar questions of policy; it would have to be subject to debate in the house. However, I am aware of the hon. gentleman's representations, and I think I have correctly stated their general nature.

Mr. FULTON: Under section 12(1) (b) the effect is to say that no deduction shall be made in respect of an outlay, loss or replacement of capital, or allowance in respect of depreciation except as expressly permitted by this part. Could the minister direct my attention to the provision with respect to depreciation under this part? I can find depletion, but neither here nor in committee have I seen what provision is made for depreciation.

Mr. ABBOTT: It would be in virtue of regulations made under 11(1) (a).

Mr. FULTON: That covers the reference in the marginal note to capital costs.

Mr. ABBOTT: That is what depreciation applies to—and obsolescence. It is a charge to enable one to get back his capital.

Mr. FULTON: I thought from the marginal note it was intended to cover the outlay of capital for the acquisition of property.

Mr. ABBOTT: No; broadly speaking, depreciation of course is taken against—

Mr. FULTON: I know what depreciation is.

Mr. ABBOTT: It is taken against the capital cost to the taxpayer. Therefore while the marginal note may not have been completely descriptive, charges of that kind relate to capital cost items.

[Mr. Abbott.]

Mr. FULTON: In these regulations has consideration been given to the question of allowing depreciation of any type on a basic herd?

Mr. ABBOTT: I am told that the so-called basic herd policy has been discussed with the associations, and that regulations are being worked out. It is a complicated procedure. Whether there is such a thing as a basic herd is the first question. I suppose there is; it is a colloquial description. The method by which the owner of a herd of cattle should be taxed is the extent to which he receives income. It is an administrative problem to work out what he is entitled to charge as a deduction for that which in respect of a manufacturing operation would be classified as depletion or depreciation. I am told that is being worked out.

The law as it stands is completely flexible to enable the basic herd principle to be recognized in any way that may be found legal. I suppose a provision would have to be made by regulation, and I am told that it has been pretty well worked out.

Mr. FULTON: I realize the difficulty of working out the depreciation of a herd of cattle. But from my reading of the draft regulation I am afraid nothing has been done along those lines, and it appears that no allowance for capital loss may be allowed. I thought if that was carried into effect and if no allowance for capital loss were permitted, the basic herd would not in effect be recognized as a capital asset. I hope that either an allowance for capital loss will be made or some means will be found of allowing depreciation in a basic herd, which in effect is recognized as a capital asset.

Mr. ABBOTT: A senior official of the Department of National Revenue has been following the hon. member closely, and I am sure his remarks will be carefully considered in completing the drafting of the regulations.

Section agreed to.

On section 13 —Chief source of income.

The CHAIRMAN: This section was amended by the committee to read as follows:

(1) The income of a person for a taxation year shall be deemed to be not less than his income for the year from his chief source of income.

(2) The minister may determine which source of income or sources of income combined is the taxpayer's chief source of income for the purposes of this section.

Mr. ABBOTT: I pointed out to the committee on banking and commerce that we had had several representations from representative groups that this was a place where min-

isterial discretion ought to be put back. I said I had a completely open mind on the subject, and if the committee wished to put it back I would be delighted to do so. The committee seemed to feel that it was an appropriate place to restore the provision, and it has been thus restored. I still have an open mind in the matter.

Mr. CASE: The act is fairly technical, and at times I find it difficult of interpretation. Perhaps in the present instance I am somewhat confused in my thinking, and I should be pleased to have an explanation from the minister.

Mr. ABBOTT: A good many people have different sources of income. For instance one member the other day who, in addition to being a member of parliament, is also a successful farmer, asked if he could charge the losses on his farm against his indemnity as a member of parliament. The rule is that if an individual has a secondary source of income —or to be more specific, if my principal occupation is that of a cabinet minister but I operate a farm on the side, I cannot charge my farm expenses, in the event of my making a loss on my farming operations, against my salary as a cabinet minister. Secondary income can be charged only with the expenses incurred in connection with the earning of that secondary income.

Sometimes it is difficult to determine a man's principal occupation for taxation purposes, as against his secondary occupation. It was for that reason that it was felt by many that the only way to resolve the question was to place the discretion in the hands of the minister, in the interests of the taxpayer. That has been done, and I believe I have given the explanation for it.

Mr. KNOWLES: What will the minister's decision be in his own case?

Mr. ABBOTT: I have no farm.

Mr. KNOWLES: But you are a lawyer.

Mr. ABBOTT: I cannot practise law, either.

Mr. WHITE (Middlesex East): The point I would make is that in a year in which a farmer who happens to be a member of parliament, or is in some other business, makes a loss on his farming operations, those farming operations are a secondary source of income. He would always be losing.

Mr. TIMMINS: What will be the mechanics of determining the chief source of income? Will that discretion be passed on to a deputy who might be acting in the taxation division at Toronto, or must all these cases come directly to the minister? Is there an appeal from the minister's decision?

Mr. ABBOTT: If the taxpayer is not satisfied with the determination given in Toronto, he may appeal to the minister. He will say: You are wrong; you have classified me as a financial man whereas in fact I am a farmer; my farming hobby is operating at a a loss but I wish to be classified as a farmer. That is the question which the deputy in the first instance must consider, and which must finally be analysed by the minister. There is ao appeal from the minister's decision. The exercise of a discretion is in fact the exercise of a discretion.

Mr. TIMMINS: There can be no appeal from it?

Mr. ABBOTT: No, not if it be exercised reasonably.

Mr. HACKETT: Perhaps the minister would wish to add that this is a discretionary power which cannot be exercised arbitrarily.

Mr. ABBOTT: Quite.

Mr. HACKETT: The minister would not attempt to say he has arrived at the decision that a certain gentleman is a farmer because he does not like the colour of his hair. I believe the courts have decided that the discretion must be a judicial discretion and one based upon reason. It may not rest on pure whim.

Mr. ABBOTT: That is quite correct.

Mr. MILLER: Would the converse of the minister's example be true? If it were possible—and it could be—for a taxpayer to suffer a loss on his primary source of income, could he charge it up to the profit on his secondary income?

Mr. ABBOTT: Yes.

Section agreed to.

At one o'clock the committee took recess.

The committee resumed at three o'clock.

On section 14—Method for computing income.

Mr. BROWN: Mr. Chairman, I rise to a question of privilege. The Toronto *Globe and Mail* in a news item on page 15 of today's issue, Wednesday, June 23, comments on a report which I presented to the house yesterday as chairman of the committee on the Indian Act. The portion of this news report to which I object deals with the use of intoxicants on Indian reserves, and reads:

> Evidently heeding these arguments, the committee recommended friendship with orthodox and reformed churches within the Russian sphere of influence.

The Indian Act committee did not deal with that matter and had no intention of dealing with it, and it should not be credited in a newspaper with having made a recommendation in regard to it. There was obviously no intention on the part of the Ottawa correspondent of the *Globe and Mail*—

The DEPUTY CHAIRMAN: Order. I must point out to the hon. member that it is not in order to raise a question of privilege while the house is in committee of the whole.

Mr. BROWN: Perhaps I might be permitted to finish this paragraph.

Mr. IRVINE: Can we not give unanimous consent and have it over with?

Mr. ABBOTT: Granted.

Mr. BROWN: There was obviously no intention on the part of the Ottawa correspondent of the *Globe and Mail* to inject a matter of delicate international implications into an otherwise very fair report of the work of our committee, but there was evidently a slip-up in the newspaper's composing room, because the words I have quoted and to which I object are misplaced from another news item on the same page.

The DEPUTY CHAIRMAN: We are on clause 14.

Section agreed to.

Sections 15 to 20 inclusive agreed to.

On section 21—Husband and wife.

Mr. MACDONNELL (Muskoka-Ontario): I want to raise one point for the minister's consideration. I take it that it is fair to say that clause 21 in a sense disregards entirely the conception of the English law with regard to the position of a wife holding property and so on. I do not know whether the minister is at all affected by the conception of the law of the province in which he lives, under which the relations between husband and wife in this regard are very different. I remember when I first went to live in Quebec it seemed a good idea that a husband could not give a present to his wife, but I discovered later that that was not as alluring as it seemed to be.

Considered and careful recommendations have been made on this question by the Canadian Tax Foundation. The minister is familiar with them and I do not need to labour the point. But I do ask him this question: Why is it that none of the recommendations from this reputable source have been given effect to? I think the minister will agree that the recommendations of the Canadian Tax Foundation recognize the full legal status of women, even when married, and at the same time their recommendations would prevent anything in the nature of fraud or colourable transactions.

Mr. ABBOTT: I will have a look at their recommendations again. For the moment they have gone out of my head. The principle of this section is very simple. There is nothing to prevent husband and wife from making transfers one to the other if they care to do so, and if it is legal to do so in the jurisdiction in which they live, but these transfers are not permitted to affect the relative income tax liability of the consorts. That is the purpose of the section. It does not seem to me that there is anything objectionable in its terms. Subsection 2 relates to one of the consorts being employed by the other. That is a principle which has been in the law for a long time.

Mr. MACDONNELL (Muskoka-Ontario): I should like to put on the record one of the recommendations of the Canadian Tax Foundation with respect to clause 21. I will first read the clause as it stands:

> Where a person has, on or after the first day of August, 1917, transferred property, either directly or indirectly, by means of a trust or by any other means whatsoever, to his spouse, or to a person who has since become his spouse, the income for a taxation year from the property or from property substituted therefor shall be deemed to be income of the transferor and not of the transferee.

Their recommendation is to insert after the word "spouse", where it first occurs, the words "and not for a consideration reasonably corresponding to the fair value of the property so transferred". As the section reads in the bill, a husband is not allowed to enter into a transaction of any kind with his wife, even though she has her own property, and the purpose of the amendment proposed by the Canadian Tax Foundation is to head off any colourable or fictitious transaction. In other words, what this organization recommends is that it should be possible for ordinary business transactions to take place between husband and wife, provided it is clear that they are proper business transactions and not a frame-up.

Mr. ABBOTT: If my hon. friend will look at the brief he will see that it says a little further on:

> The recommendations are self-explanatory. It was realized that the administrative problem is formidable, but agreed that the taxpayer should be adequately protected in bona fide situations.

Where do we stop? A good many transfers are made for love and affection, and that is a

valid consideration and would reasonably correspond to the fair value of the property transferred.

Mr. MACDONNELL (Muskoka-Ontario): It might easily not.

Mr. ABBOTT: I would not want to say that. So far as husband and wife are concerned, where a close relationship exists between them, it is not unreasonable that transfers between them should not affect the tax position of the transferor. That is the view which the law has taken for a good many years, and I would be most reluctant to make a change in policy of that kind.

Mr. HACKETT: It seems to me that this is a far-reaching section. I should like the committee to listen to the few lines which are found in subsection 1, which read as follows:

> Where a person has, on or after the first day of August, 1917, transferred property, either directly or indirectly, by means of a trust or by any other means whatsoever, to his spouse, or to a person who has since become his spouse, the income for a taxation year from the property or from property substituted therefor shall be deemed to be income of the transferor and not of the transferee.

Is there some other subsection which mitigates the absoluteness of that rule?

Mr. ABBOTT: Not that I am aware of.

Mr. HACKETT: Let us take this case, and it is not one which will make any heavy demand upon the imagination. A young man becomes engaged to a young woman and they enter into a marriage contract. That is a very ordinary transaction in the jurisdiction with which the Minister of Finance is familiar. By the terms of that document the young man confers upon the spouse a benefit of $50,000. If he has the money he can give it to her at that time, and I understand that under this section the revenue from it will be taxable revenue in the hands of the husband for ever. Or, being penniless at the time, he may, having made this gift, pay it at a future time. I cannot speak for the law in other provinces, but that is one of the few exceptions which the law of the province of Quebec makes as regards benefits between spouses. That young man may make a gift of future property to his spouse-to-be, and if fortune smile upon him he may make this payment in the future. When the undertaking is implemented, the property transferred becomes the absolute property of the spouse. Unless there be in the act some provision which I have not yet discovered—and I understood from the minister that there was nothing to mitigate the harshness of the section I have read—it will no longer be possible for a future husband, or a person who is about to become a husband, to make a transfer of property in favour of his future wife which will free him from the obligation of paying income tax on any revenue that may be derived from the capital transferred.

Mr. ABBOTT: I do not know that there is much comment I can make, other than that this is a provision which has been in the law for a great many years. My hon. friend has said that I am familiar with the provisions, which relate to the jurisdiction from which we both come, that gifts are made in contemplation of marriage. Whether it prevails in other jurisdictions, I do not know. I have no doubt it does, but perhaps not to the same extent as it does in Quebec. The law provides that as between the two consorts these gifts shall not affect the income tax position of the person who makes the gift, and that for income tax purposes, and income tax purposes only, the revenues of the property transferred, or to be transferred, will be considered as the income of the transferor. One could argue, I suppose, that that provision should be changed, and that is what my hon. friend is doing; but I must again say it seems to me that if that short of change were to be made it is one which should be a budgetary provision and made as a distinct departure from the existing law.

Mr. GREEN: Subsection 2 of section 21 deals with the case of a spouse who is an employee of the husband or wife, as the case may be. It provides that the remuneration or salary paid to that employee cannot be deducted from the income tax of the business. The Canadian Tax Foundation suggested that there be added to the end of the subsection these words:

> But this subsection shall not apply where the employee spouse is a bona fide employee, is paid at the prevailing wage rates and actively fills a position necessary in the business.

The suggested amendment does seem to be reasonable. Would it not be possible to have it added to subsection 2?

Mr. ABBOTT: That recommendation was carefully and extensively considered. I think it will be apparent to hon. members that it imposes a difficult test for the tax administration to determine, as the tax foundation said in their submission. They realized that it imposed extremely difficult administrative problems.

Again, this is a rule which has been in the law for a great many years. Whether it goes back to the origin of the law in 1917 or 1918 I cannot say offhand, but it has been

the rule. The recommendation was considered, but it was felt that it would be administratively impossible to enforce without the risk of grave abuses.

Mr. GREEN: The government would get the tax anyway, would it not? It would get the tax from the spouse who happened to be an employee, if it did not get it from the business.

Mr. ABBOTT: But at a very different rate. The obvious thing is that it would be an easy way for the husband and wife to divide their income and thereby get into the lower bracket.

Mr. HACKETT: I had not quite finished. I beg to differ from the minister when he states that subsection 1 of section 21 has been in the act from its inception or for a long time. The bill indicates that subsection 1 of section 21 replaces subsection 2 of section 32. Subsection 2 of section 32 is in these terms:

> Where a husband transfers property to his wife, or vice versa, the husband or the wife, as the case may be, shall nevertheless be liable to be taxed on the income derived from such property or from properties substituted therefor as if such transfer had not been made.

I am going to point out some of the differences between the bill and the old law. In the first place, the old law is not retroactive. This subsection enables the tax collector to go back some thirty-one years and compel an individual who had transferred property to a person who later became his wife to pay income tax on benefits which his wife had legally and properly received and possibly paid income tax on for thirty odd years. With great deference I submit that the enactment of such legislation is nothing less than tyrannous and is something heretofore entirely unknown to this legislative body.

In the second place, I point out that the law as it stood did not apply to contracts between persons who were about to become man and wife. Any contract entered into which favoured the founding of a home and the protection of the family has always had the approval of the legislature. But here we find that even persons entering into the bonds of matrimony may not, as regards taxation and income tax, make any arrangements with regard to the future. That is to say, it is no longer possible for one of the contracting parties before marriage, and in anitication of the burdens and uncertainties of marriage, to make any provision for the future of the other, and to that extent I do not hesitate to say that this law is against the welfare of the family. It is anti-social and amazing in its harshness.

[Mr. Abbott.]

Furthermore, I would point out to the minister that when he spoke of this act on April 29, 1947, as reported at page 2557 of *Hansard*, he said that the new act was merely a recodification and would contain no new law. That is the substance and significance of his words. He said:

> I am endeavouring to make this a relatively simple budget and I am not, therefore, proposing any other substantial changes at this time in the income tax, although I shall later mention some minor amendments. We have been busy during the past year upon the rewriting of our basic income tax law in an effort to improve its arrangement, to make it clearer and simpler, and to remove ambiguities and anomalies. Hon. members will, I think, be particularly pleased with the extent to which it will be less dependent upon the exercise of ministerial discretions—

And so forth. If that undertaking meant anything it meant that there would be no substantial or radical changes in the act. This is a radical, far-reaching change, a change that goes to the very foundation of the home, and I am going to move, seconded by the hon. member for Muskoka-Ontario (Mr. Macdonnell), that section 21 (1) be struck from the bill and replaced by the section in the act as it now stands, 32 (2).

Before I sit down I would like to say a word to my colleagues from the province of Quebec. I ask them whether they are aware, whether they fully realize, that this is an invasion upon a right which they have cherished and for which they have stood and will stand, I believe, despite these unconsidered and anti-social amendments.

If there is one place in Canada where the integrity of the family has withstood the onslaught of modern phases and fancies it is in the province of Quebec, and I shall be astonished if the members from that province, having considered the full meaning and purport of this bill, will give their support to it when it is a direct undermining influence upon that greatest of institutions, the home.

Mr. ABBOTT: I have been greatly impressed and moved by the appeal which the hon. member for Stanstead has made as to the sanctity of the home. I say to him that I am just as jealous of the traditions and the laws of the province of Quebec as he is, but I say to him also that this is not making any changes in the laws of the province of Quebec. It is essential that a person who makes a marriage contract, whether in the province of Quebec or anywhere else, shall not, by transferring from wife to husband or from husband to wife, get income tax advantage which another taxpayer cannot get.

That is all that this section does, and it is not aimed particularly at Quebec or any other

province. It is intended to provide that these interconjugal transfers, if I may so describe them, will not affect the income tax position of consorts. That is all this section is intended to do. It is intended to ensure that the man who is smart enough to make a contract whereby he reserves to himself the right to transfer to his wife $25,000, $50,000 or $100,000, which he has not today, but when he gets it, shall not get income tax advantage by making that contract. That is all the section is intended to do. It is not attacking the sanctity of the home or the laws of the province of Quebec. It is not attacking anything. It is intended to ensure that every taxpayer shall pay his fair share of taxes. I do not think I can make it any clearer.

Mr. HACKETT: The section seems to assume that a person has transferred property to his spouse, or to a person who has since become his spouse. Taking the case which I cited to the minister, let us suppose that a young man, anticipating matrimony, transferred to a person who later became his spouse $10,000, that transfer having taken place after the first day of August 1917. The transfer was made before marriage, as a condition of marriage. I interpret the section to mean that the revenue from this $10,000 must be computed as the revenue of the husband.

Mr. ABBOTT: For income tax purposes.

Mr. HACKETT: Yes, from 1917.

Mr. ABBOTT: Not from 1917.

Mr. HACKETT: From the time of marriage. Let me make this clear. At any time since the first of August 1917—

Mr. ABBOTT: The tax is not retroactive.

Mr. HACKETT: A young man enters into a marriage contract with a young woman and transfers to her, before marriage, the sum of $10,000, and the marriage takes place. I take it that the income on that $10,000 must be considered as the income of the husband and not of the wife, and that is the ground of my objection.

Mr. ABBOTT: That would be correct, from the time of marriage.

Mr. HACKETT: From the time of marriage, and I say that is a departure. That was not the law; it is something new, and it is something to which I invite the attention of my friends, if not my party associates, from the province of Quebec.

The DEPUTY CHAIRMAN: When an amendment of this kind is proposed, I think the first question the chairman should consider is whether it would change the income tax in such a way as to affect the balance of ways and means. If in any way it would affect that balance, it would have to be ruled out of order. Before making a ruling on that point I should like to have the opinion of the minister or some others, because in a matter of this kind the Chair should have some guidance.

Mr. ABBOTT: I must confess I had not thought of it. I was thinking of the question on its merits, Mr. Chairman. Unquestionably it affects the balance of ways and means, because this is a section which will either render an item of income taxable or exempt it from income tax. From that point of view I suppose it is an amendment which could be moved only by a member of the government. I have argued the amendment with my hon. friend on its merits, which I think perhaps was desirable. But on a strict interpretation, I believe the amendment is out of order if it is moved by some one other than a member of the government.

Mr. HACKETT: I wish to speak to the point of order. I had a citation from Beauchesne—unfortunately I am unable to put my finger on at the moment—to the effect that an amendment could be offered even to a money bill where, as this amendment does, it would result in a reduction in taxation.

Mr. FULTON: Citation 502.

Mr. HACKETT: I am told by the hon. member for Kamloops that it is citation 502. I remember it quite well, because it was read against me the other day, in part only. I asked that the rest of it be read, but I did not get very far.

Mr. FULTON: Citations 497 and 502.

Mr. HACKETT: Citation 502, Beauchesne, third edition, reads as follows:

> A private member may move that certain specified taxes be readjusted and that the scope of tax exemptions be enlarged.

Citation 497 appears to be against what I am moving, in the first part, and that was all that was read the other day. It is in the following terms:

> No member other than a minister of the crown may introduce a bill for the reduction of duties. The government must take full responsibility for the taxation levied to provide the revenue. But the house enjoys complete freedom to make every representation possible to the government with regard to the manner in which the ministers discharge this responsibility. This duty the members may perform by moving amendments to reduce the taxes proposed by the administration.

On that basis, if this amendment entails a reduction in taxation, I submit, with great deference, that it is in order.

The DEPUTY CHAIRMAN: I think hon. members may be confused in their ideas as to what is a money bill and what is a budget item. A budget item provides the revenue to take care of the expenditure in the financial arrangements for the year.

Mr. HACKETT: Will the chairman be kind enough to allow me to say one word more before he makes a ruling?

The DEPUTY CHAIRMAN: Yes.

Mr. HACKETT: I was just going to say that if this is not a proper amendment, then I fear that the committee is losing a great deal of time. If it is not competent to the committee to deal with the taxes that are to be levied under this bill—and after all, the whole purpose of the bill is to provide a means for raising taxes—then it would reduce almost to an absurdity the submission of the bill to the committee.

The DEPUTY CHAIRMAN: In answer to the hon. member may I say that as far as the Chair is concerned we are trying to get the situation clear. I understood there were no changes in this bill with regard to the levying of taxes.

Mr. HACKETT: There are.

The DEPUTY CHAIRMAN: I understood that it was a recoding of the bill, without changing any item of taxation that had already been approved in the budget. I may be wrong, but it is on that basis that I am now considering the point. If the hon. member will turn to citations 555 and 556 of Beauchesne, second edition, he will find they read as follows:

555. No increase can be considered either of an existing, or of a new or temporary tax for the service of the year, except on the initiative of a minister acting on behalf of the crown.

556. The house can make amendments which diminish the amount or reduction of taxation, or postpone the day when the reduction takes place, although the amendments may increase to that extent the charges proposed to be levied upon the people.

So long as an existing tax is not increased, any modification of the proposed reduction may be introduced in the committee on the bill, and is regarded as a question, not for increasing the charge upon the people but for determining to what extent such charge shall be reduced.

Mr. KNOWLES: May I offer a suggestion?

The DEPUTY CHAIRMAN: Just a minute, please. Citation 552—

Mr. KNOWLES: That is the one.

[Mr. Hackett.]

The DEPUTY CHAIRMAN: —reads as follows:

Though it is the function of the committee of ways and means to impose rather than to repeal taxes, examples of the repeal of taxation effected in this committee are to be found upon the journals. Proposals for the variation or modification of taxation can therefore be made in the committee; but these proposals must be grafted upon the financial scheme submitted by the government, and must not affect the balance of ways and means voted for the service of the year. Amendments, therefore, can be proposed to substitute another tax, of equivalent amount, for that proposed by the government, as, for instance, a proposal to substitute probate and legacy duty on real property as an alternative for an inhabited house duty, the necessity of new taxation, to that extent, being already declared on behalf of the crown.

The point I wish to make is that it is not in order for the committee to upset the balance of ways and means.

Mr. FULTON: May I make an observation on that point?

The DEPUTY CHAIRMAN: If this amendment would do that, as I am assured by the minister it probably would, then I would have to rule it out of order.

Mr. FULTON: Surely we should bear in mind the fact that this bill, in the minister's own words, is only a codification of tax procedure. It is provided in the bill itself that it shall not come into effect until January 1, 1949. Therefore if we amend the bill to provide some difference in procedure for the collection of taxes, which difference will not become effective until January 1, 1949, surely it cannot be held that this will upset the balance of ways and means for the year. This is not a money bill or a ways and means resolution in the ordinarily accepted sense of those terms.

Mr. ABBOTT: It covers three months of the current fiscal year.

Mr. FULTON: The taxes are imposed on the income of the calendar year; therefore I do not think a change which would become effective only on January 1, 1949, would upset in any way the balance of ways and means for this year.

Mr. KNOWLES: When I was trying to catch your eye previously, Mr. Chairman, I was anxious to draw your attention to citation 552 in Beauchesne, second edition, which you have just read. It seems to me that the terms of that citation not only apply to this particular situation but call to mind at least two precedents in this very session of parliament.

The specific terms of that citation, as I see them, are to the effect that in committee it is

in order to move an alternative tax. In other words a member can move to strike out a tax provided he offers an alternative of equivalent amount. The first precedent of which I remind the committee is the proposal made by the hon. member for St. John-Albert on June 2, 1948, having to do with interest rates on arrears of taxation. In that case no alternative was offered, and it was ruled out of order. On the other hand early this session, when we were on Bill No. 3, I remember moving an amendment to strike out certain taxes which were repugnant to us and in their place to reimpose the excess profits tax; and that was allowed as a proper amendment. It seems to me we are getting that practice cleared up, and it is becoming understood that you cannot just strike out a tax. That is out of order. But if you propose an alternative, as I did on at least one occasion, it is in order.

Mr. MACDONNELL (Muskoka-Ontario): May I add one word on the point raised by the hon. member for Kamloops, with which I should think the minister would agree? This is a codification.

Mr. ABBOTT: I have never used that word.

Mr. MACDONNELL (Muskoka-Ontario): Or something to that effect. Then surely what the hon. member for Kamloops has said is true, that since the bill comes into effect only at the beginning of next year, and since the year for estimating the income tax is the calendar year, there will be no effect on the situation until the minister comes in with his budget next year, when he will still be able to take any action he wishes.

The DEPUTY CHAIRMAN: I am glad to have this expression of opinion by hon. members, but I am afraid I shall still have to rule this out of order.

Mr. JACKMAN: I do not think the question of procedure need have arisen at all, because the minister has not pointed out that this would necessarily increase or decrease the taxation the government would collect. It is quite possible that the wife might be in the same bracket as the husband, or vice versa. Therefore I do not see that the amendment would necessarily interfere with the collection of taxation or the balance of ways and means, and for that reason I think it is in order.

The DEPUTY CHAIRMAN: It has been ruled out of order. Shall the section carry?

Mr. JACKMAN: May I ask how this situation would be determined under the section as it now stands? Suppose a father gives his daughter $10,000. Subsequently she marries and purchases a house. Later she sells the house to her husband and invests the proceeds in securities which produce income. Is that income taxable in the wife's bracket or in the husband's bracket?

Mr. ABBOTT: That is an interesting case. I do not know that it has ever arisen, and perhaps I should not give an opinion. The Secretary of State for External Affairs and I were discussing it. In that case I should think the wife's income would include the interest on the securities, and of course the house would belong to the husband. In most jurisdictions there is no prohibition against a contract of sale between a husband and wife. There is a prohibition in the province of Quebec, from which the hon. member for Stanstead and I come, so that that transaction could not be entered into in Quebec. In other provinces, I understand, such a contract is permissible, and under those circumstances I would think the wife would report income on the securities and the husband of course would own the house.

Mr. FERGUSON: That is just your opinion.

Mr. ABBOTT: It is free, too; I make no charge for it.

Mr. FERGUSON: That is all right. We have had many free opinions from over there which did not amount to very much. When this becomes law, however, your opinion will not count for much, because the law will be determined by the income tax authorities or by the courts. This is a drastic law. The amendment you are putting through will have far-reaching effects, and it cannot be just treated in this way, by saying this is a new case. This amendment will have an effect in cases such as those cited by the hon. member for Rosedale, as well as others. It is an important change, and I think it should be gone into a little more thoroughly.

Mr. ABBOTT: In the case cited by the hon. member for Rosedale there is no change at all in the law. That has been the law for years. The case mentioned by the hon. member, of the husband who purchases the property from his wife and the wife who puts the money into securities, has been subject to the application of this or the corresponding section for years.

Mr. HACKETT: I must take exception to the minister's statement that there is no change in the law.

Mr. ABBOTT: I said with respect to the case cited by the hon. member for Rosedale.

Section agreed to.

On section 22—Transfers to minors.

The DEPUTY CHAIRMAN: There is an amendment to this section. The word "and" at the end of paragraph (a) of subsection 1 is deleted, together with paragraph (b) of the same subsection.

Mr. JACKMAN: Is section 22 the same as we passed it in committee?

Mr. ABBOTT: Yes; this incorporates the amendments made in committee.

Section as amended agreed to.

Sections 23 and 24 agreed to.

On section 25—Married status.

Mr. KNOWLES: I realize that the minister has said a good many times today that all we are doing in this bill is a consolidating and administrative job. He has told us repeatedly that the government does not wish to make any changes in policy—

Mr. ABBOTT: Any major changes, I said.

Mr. KNOWLES: —at this time. On the other hand I noted that this morning the minister, with the broad smile he can display on occasion, told us he had an open mind.

Mr. ABBOTT: He always has that.

Mr. KNOWLES: That is fine; I am glad to know that still holds. It seems to me this is one section in connection with which we should get the benefit of that open mind. This is the section which, amongst other things, sets the exemption levels at $750 for a single person and $1,500 for a married person. Since those figures were fixed in a previous year, and even since the minister earlier this year told us he did not wish to raise those levels, there have been still further increases in the cost of living. In addition there have been certain ructions amongst the members supporting the government. We do not know exactly what has happened—

Mr. ABBOTT: Except that nothing has happened.

Mr. KNOWLES: Quite so; that is the tragedy. We are sure of one thing, and that is the letter the hon. member for Springfield (Mr. Sinnott) wrote the Prime Minister. It is before us in definite terms; and a very good letter it was.

Mr. ABBOTT: Excellent. He wrote one to me, too.

Mr. KNOWLES: And your reply to the hon. member has been given publicity too.

Mr. ABBOTT: Delighted to hear it.

[Mr. Abbott.]

Mr. KNOWLES: And you made no charge for that, either. Yesterday the Prime Minister assured us that all was peace and harmony in the cabinet. He took what I thought was an unnecessary crack at his fellow members of the press gallery regarding certain reports which had appeared in the papers recently. But it all adds up to this, that even hon. members opposite, and even the government, who claim to be on such peaceful and harmonious terms, know that the people of Canada are not satisfied with the inaction of the present government in relation to the problem that is hitting the people of Canada hardest at the present time; I refer to the increased cost of living.

Mr. ABBOTT: The election is almost over in Saskatchewan.

Mr. KNOWLES: Well, here is one place where the Minister of Finance, with that open mind of his, could make a change which would be acceptable by those in his own party, who are interested and which would mean something to the people at large. It is hard to know what figure to suggest now, because the cost of living keeps going up. But surely this exemption level ought not to be lower than $1,200 for a single person and $2,000 or perhaps $2,400 for a married person.

If I did not know it from the discussion which took place a few moments ago, then I would know from the rules of the house that any attempt on the part of a private member to move an amendment to change these figures would be ruled out of order. After all, to raise the exemption level would change the amount of income available to the government. I might, of course, propose as an alternative a reimposition of the excess profits tax, but that might be difficult to win in this house. I do suggest however that we ought not to ride over this section too quickly. It is not improper for the committee to take a bit of time to discuss the matter. It would not be out of the way for members from all groups on this side of the house, and those on the government side, to let the government know that a change in these exemption levels is highly desirable. It does not meet the whole of the problem; something has to be done about the cost of living. But it would be a help if the exemption levels were brought up to some figure consonant with what it costs to maintain a decent standard of living at the present time.

I hope the minister will not stand on ceremony; I hope he will not insist that no major change can be made at the present time. He

has the authority. He has often told us that he was not engaged in any popularity contest so far as his taxation measures are concerned. Here is a chance to regain some of the popularity he has lost by making a worthwhile step at this closing period of the session. I hope the minister will give serious consideration to the question of raising the exemption levels.

Mr. ABBOTT: I do not suppose I need to urge hon. members on all sides of the house to make speeches asking for increases in exemption levels. I am quite sure everyone would be pleased if it were possible to do so. I should be pleased myself. But in the course of the budget debate and at other times I have had occasion to give the reasons why I do not think that very important policy move can be made this year. The exemption levels in Canada, as I have had occasion to reiterate on a number of occasions, are already higher —much higher—than they are in the United Kingdom, and the United States. I hope at some time it may be possible to increase them, but I also hope that all members who are in sympathy with that very desirable objective will not feel called upon to urge it now. I am sure all hon. members are as much interested in that as is the hon. member for Winnipeg North Centre.

Mr. GILLIS: I shall not raise any argument which will disturb the balance of ways and means. I do believe, however, that there are administrative details in the act which could be cleared up. I have had correspondence with the department on two or three matters which seem to be sore spots.

The hon. member for Winnipeg North Centre made a general statement on the subject with which we all agree. I do not think, however, from the minister's statement that there will be any change.

There are two or three points I would bring to the minister's attention. First of all, $300 a year for purposes of income tax are added to the salaries of sleeping car porters, on the basis of the assumption that they receive that amount of money per year in tips. Whether they get that much or not, they are taxed on an extra $300. They may make it on some sections of road, but there are other sections where sleeping-car porters do not take in $300 in tips. I believe that is a wrong principle. First it encourages the railway company to pay low wages. Furthermore, it is not fair to sleeping-car porters who may not receive that much in tips.

Mr. ABBOTT: A porter may keep a record and put in his actual receipts.

Mr. GILLIS: Even so, I think it is unfair. If a porter does a good job which requires his working longer hours, shining shoes and all that kind of thing, a passenger who wishes to give him a dollar or two should be permitted to do so without making it necessary for him to declare it as income. If it is desired to tax that extra amount, then the railway companies should be told to pay larger salaries so that the government could get it back in the regular way. This would be an administrative change.

My next point has to do with the exemption for a boy or a girl in university until he or she reaches the age of twenty-one. After that age is passed the student is no longer considered as a dependent for income tax purposes. The period ought to be extended until the student graduates. In may instances parents are having great difficulty in putting young people through university. Perhaps a student will reach the age of twenty-one before his last year at school. That is the most expensive year, and that is the time when the student is cut off as a dependent, with the hardship which stems from that situation.

I suggest that the regulations be changed so that the age be placed beyond twenty-one years, and that it apply until graduation. If the provision is necessary in early years of university training, it continues to be necessary until the day of graduation.

I wish to discuss also the matter of exemption for wives and husbands both of whom are employed. Rather than make a speech on the subject I shall read a paragraph from a letter I have received, which I would ask the minister to consider carefully. We hear a good deal of talk about the sanctity of the home. I believe the present arrangement respecting husbands and wives who have taxable incomes is creating a complication in the minds of people, one which leads them to think that it is much better to pick up a girl, live with her and not marry her because in that way one can save money. On this matter of the sanctity of the home, it surprises me, when there are so many gentlemen of the cloth in the chamber, that they have not been waving their arms about the matter for a long time.

The letter states in part:

> A single man and woman both earning in excess of $750 each, living together, unwedded, with one child or dependent, can receive an exemption of $2,250. Here is how: he files an income tax form, for himself and child which gives him married status with an exemption of $1,500; woman files one for herself for an exemption of $750. But the married man whose wife earns $750 files a form for himself and child, single status $850, wife's form $750, total

$1,600. I verified the above exemptions at our district income tax office. They could not give an explanation, but said that according to income tax form T-1 Special, that was how it stood. And moreover the unwedded couple are allowed exemptions for a housekeeper, yet the married couple are not, even though it is an absolute necessity if both are to work. Now in view of the above facts anyone can see that the married man is not getting a single man's status. He is paying $129 more in income tax than the single man; if he wants single status man and wife have to live apart. He will then save $129 and the government will not receive a cent more from her.

That is how the exemptions work out. I think it is due to an oversight. I suggest that the minister set one of his experts to work and at least even this thing up, because as things stand it is completely wrong. I have discussed it with some of the district officials and they cannot account for it. I suggest that the minister take it into consideration and do something about it.

Mr. ABBOTT: I shall be glad to look into it.

Mr. HAZEN: May I refer the minister to section 130 of the act which reads:

Section nine B, subsection two of section twenty-five—

I can find no section 9B, subsection 2 of section 25.

Mr. ABBOTT: There is a comma after 9B, Nine B is a section of the Income War Tax Act, not this act. It relates to the non-resident income tax deduction.

Mr. BLACK (Cumberland): I should like to support the hon. member for Cape Breton South in his protest against what I believe to be an injustice in regard to income tax imposed on porters and men of that class. I brought this up last year and was supported by the hon. member for Cape Breton South. The tips which these men receive are gifts of the residue of moneys which the taxpayer, after he pays his taxes, hands out to porters and people who give him personal service. I was surprised when the complaint was first made to me that these gifts were arbitrarily taxed in Nova Scotia, for instance, while no such tax was imposed in central Canada. I am told there is a double injustice, because in central Canada, in Quebec, an exemption is made for expenses which is not allowed to porters in Nova Scotia. These porters are being compelled to pay an arbitrary amount upon gifts they receive as a courtesy in carrying out their duties, and I support the request that an adjustment should be made to protect our porters and others similarly engaged.

[Mr. Gillis.]

Mr. ABBOTT: I am familiar with these representations. They have been made to myself and the Minister of National Revenue by maritime members, particularly the senior hon. member for Halifax, who has written and spoken to me about it. As I mentioned in answer to the hon. member for Cape Breton South, it is open to porters and others to keep a record of their gratuity receipts, and if they amount to less than the arbitrary amount, they can report the lesser amount as being the actual amount received.

Mr. McKAY: Will their statements be accepted?

Mr. ABBOTT: Yes.

Mr. HLYNKA: Last year I brought up the question of taxing as single persons married men whose families happen to be in Europe. I have received many letters on this subject, particularly this year, in which these workers complain that they are being taxed as single men. One man in Winnipeg, an ordinary labourer, wrote me that he was bringing nine members of his family to Canada from displaced persons camps. Yet he is taxed as a single man. Can they not be granted married status for income tax purposes? It seems to me unfair that these married men should have to pay income tax as single men, in spite of the fact that they have to send parcels and assistance of one kind and another to their families in displaced persons camps. Cannot something be done about that?

Mr. ABBOTT: As a result of an amendment last year or the year before, married men in that position are given married status if they can show that they are in fact supporting their dependents abroad. I understand that the income tax branch takes a broad view of what evidence may be accepted in support of their statements, evidence given through a consul, evidence of remittances and that sort of thing. I think the thing can be and is being worked out administratively in a satisfactory way, but if my hon. friend has any special cases in mind I am sure that my colleague the Minister of National Revenue will be very glad to look into them.

Mr. HLYNKA: I have in my office at the present time no fewer than twenty-five cases of men who have received notice that they will have to come through with their income tax for 1946 and 1947, and in some cases 1945. I shall be glad to give the details to the Minister of National Revenue.

Mr. ARCHIBALD: I should like to repeat the plea I made last year for exemption from tax of hospitalization expenses of people living

in small towns in remote parts of the country, for example, at Massett on the Queen Charlotte islands. Anyone there requiring hospitalization has to go to Prince Rupert or Vancouver, and in my opinion they should be granted exemption for their transportation expenses to the hospital. After they have been hospitalized for a certain time in Prince Rupert or Vancouver, they may be moved to another room when they have reached the convalescent stage, and that means further expense. It has got to the point where people with families cannot afford to live in small towns, especially in frontier areas. I made these representations last year, and I again bring them to the attention of the minister in the hope that something will be done.

Mr. ABBOTT: It is a difficult problem, and we are still considering it.

Mr. FAIR: Following up what the hon. member for Skeena has just said, a couple of days ago I received a letter which is self-explanatory. It reads:

> Some weeks back I suggested to you the financial hardship imposed on those whose physical condition necessitated obtaining medical attention in the cities when these services were unobtainable in rural areas, by the income tax board failing to allow exemptions for board, railroad fare and hospitalization.

He goes on to say that, because of limited equipment in the local hospitals, many patients are sent to Edmonton for hospitalization. Many districts in the different provinces are similarly situated. They have small hospitals, but serious cases have to be sent to the larger centres for treatement. I trust that the minister will give sympathetic consideration to the complaint of this correspondent and allow such expenses, so that they will be able to send their sick ones to hospital.

Mr. LENNARD: If a married couple in Quebec has no marriage contract, would they be entitled to claim that half of the husband's earnings belonged to himself and the other half to his spouse?

Mr. ABBOTT: No.

Mr. LENNARD: I wanted to know if that were the case.

Mr. ABBOTT: No, it is not the case.

Mr. LOCKHART: What is the minister's defence of $100 exemption for a child, plus $5 family allowance? How can that take care of a child in these days?

Mr. JACKMAN: It would not buy the shoes.

Mr. ABBOTT: No one has ever held that a child should be entirely supported out of tax money. Everything is relative. We give $1,500 marital exemption and $100 for each child. In the case of a wealthy taxpayer, it is worth $50 or more to him. In the case of a taxpayer in the low brackets, it may be worth only $10 or $15 as a tax exemption. The $100 applies to children of family allowance age. The chances are that the average family allowance is about $7 or $8 a month, so that there is $96 direct payment in family allowances, and the tax value of $100, depending upon the taxpayer's bracket. I am not going to make any defence of it. That was the figure which was established. I think, in all the circumstances, it is a fair figure. One could control the tax revenues either in tax rates or in amounts of exemption, or by half a dozen other ways.

Section agreed to.

On section 26—Charitable gifts.

Mr. ISNOR: I am speaking on behalf of the hon. member for Brandon who was called out of the house. He asked me to make inquiry about the interpretation of paragraph (b) of section 26, which has to do with medical expenses. The particular question which he asked me to place before the minister is this, whether medical supplies as supplied by a druggist could be included in the interpretation of medical expenses. The hon. member read a distressing letter to me, and in the circumstances he felt that the taxpayer was fully justified in asking that the bills from the druggist be included in the interpretation of medical expenses.

Mr. ABBOTT: That is a question which, as the senior hon. member for Halifax will recall, has come before the house on previous occasions. It was raised in committee the other day. The ruling is that druggist bills are not deductible as such. If drugs and medical supplies are supplied by the doctor or by the hospital they are recognized as medical expenses. The administrative difficulty of checking the thousands of drugstores throughout the country to prevent evasion, drugstores that deal in a lot of things besides drugs, would be stupendous. It is felt that it would be really too difficult to check the bona fides of claims for supplies of drugs. When the drugs are included in the doctor's bill, or in the hospital bill, they are accepted as part of the recognized medical expenses.

Mr. LENNARD: That means that if a doctor prescribes and a druggist fills the prescription and the patient pays the druggist, he is not allowed the exemption.

Mr. ABBOTT: That is correct.

Mr. FRASER: When we were in committee on this section I believe the minister promised that the Minister of National Revenue would issue a directive in regard to exemption for donations to memorial halls, rinks and so forth that are non-profit making.

Mr. ABBOTT: I am told that that has not been finalized yet, if I may use a rather objectionable word, but they are still working on it. I expect that it will be available very soon.

Mr. FRASER: I hope the minister will hurry it along, because a number of these projects are now under way. I feel quite sure that they would get a little more money if the directive were issued.

Mr. ABBOTT: I am sure that any individual project could take it up with the minister and get a ruling on the individual case, on the facts of the case. What is contemplated in the directive to which I am referring is a general circular which would go out to all offices, giving them guidance on the general principles of these cases.

Mr. FRASER: I know that at Lakefield and Peterborough we have had letters sent to Mr. Scully for some few months, but no reply has yet come through.

Mr. ABBOTT: We shall try to hurry him up.

Mr. LENNARD: I hope that the minister makes it definite, if for no other reason than that I get appeals from a great many people, and always somewhere in the appeal it is said that if I donate anything it will be exempt from income tax. I donate and, when the year-end comes and I put it in my income tax deductions, the old income tax branch tells me that I am wrong.

Mr. ABBOTT: On that point may I say my own experience has been that none of these charitable organizations represents to prospective subscribers that such a donation will be exempt from income tax unless they have obtained assurance that it will be. In doubtful cases I think they get rulings. Perhaps my hon. friend's experience has been less fortunate than mine.

Mr. CASE: In the main our experience at home has been this. They have made sure that they had the necessary sanction for exemption.

This clause seems to go quite a way toward assisting those who require medical attention. I think at the present time most people are prepared to admit that chiropractic and osteopathic treatment have their place in correcting one's ills, and so forth. I do not see anything in this clause to provide that payments made to that profession on account of one's health may be deducted as medical expenses. Is there any reason why that should not be included?

Mr. ABBOTT: The language of the act is medical practitioners. I do not know what stand the Department of National Revenue has taken administratively as to whether chiropractors are recognized as coming within that description or not.

Mr. GRANT: They do not.

Mr. ABBOTT: My hon. friend says they do not.

Mr. CASE: I wonder why. I am not offering an amendment. I suggest that consideration be given to that, because I know of people—as a matter of fact I have had a little experience myself—who have found that profession more helpful to them than the medical practitioners in certain circumstances. They should be able to obtain the benefit of the deductions for those expenses as they would be for expenses to a medical practitioner.

Mr. ABBOTT: It is a matter of interpretation of the phrase "medical practitioner". I understand that the Department of National Revenue has not included chiropractors in that interpretation. Of course it would be open to the courts to take a different view if the matter were brought before them.

Mr. SKEY: May I return to a discussion of the medical side of it? It has come to my attention that sufferers from diabetes, who must necessarily have insulin injections, are not able to make any deduction from their income tax for the constant expense of insulin which they must buy, either through their doctor or from the druggist. In chronic illnesses such as these, it seems to me that the government should give some consideration to people who must necessarily make a continuing expenditure of that kind.

Mr. ABBOTT: I shall look into that, because I can see that it would be a special type of case.

Mr. JACKMAN: After the committee hearings, did the minister give any consideration to making the four per cent of the taxpayer's income read four per cent of the taxpayer's income after taxation? It makes quite a difference. I noticed, further on, that there is a limitation of $1,000 in any case; therefore I do not think it would ever injure the treasury. It would be a factor and it would be merciful in certain cases, particularly in view of the fact

that the person with the large gross income does pay in doctor's fees, particularly for operations, a substantial part of the cost of the public wards, and so forth.

Mr. ABBOTT: I did give consideration to that. My hon. friend raised it in committee. I must say I do not feel that we should make that distinction. I may be wrong; but in any event I came to that conclusion. Of course it would be obviously advantageous to the man with the larger gross income.

Mr. JACKMAN: Advantageous to everybody.

Mr. ABBOTT: Yes.

Mr. SINNOTT: Suppose a man goes to Rochester for an operation which costs him $2,000. Is there any provision to take care of that cost?

Mr. ABBOTT: Yes. He can claim $2,000 as a deduction from his income to the extent to which it is in excess of four per cent of his income. Four per cent is regarded as the average, and anything in excess of that can be claimed as a deduction. It used to be five per cent and was reduced to four per cent. It was originally five per cent, the extra one per cent being allowed to cover such things as drugs.

Mr. LENNARD: Mr. Chairman, may I suggest that hon. members who wish to speak address the Chair, and speak in a voice loud enough for the rest of us to hear them. Members sitting near the minister mumble and we do not know what they are saying.

The CHAIRMAN: That is a good idea. As Chairman I wish to bring one point to the attention of the committee. This discussion has been general, and while it was taking place I looked up the resolution on which the bill was based. The resolution was passed on June 4, on which date the Minister of Finance moved that the house go into committee at the next sitting to consider the following resolution:

> That it is expedient to introduce a measure to revise and consolidate the law respecting the levying of income tax and the administration thereof.

The committee is bound by the terms of the resolution, and hon. members will notice that the only power is to revise and consolidate the law. It occurred to me, therefore, that it would be beyond the power of the committee to make any substantial change in the law. I do not think it would be permissible to have another discussion at this time on the fiscal policy of the government. That discussion took place when the budget resolutions were before the house and the committee. Shall the section carry?

Section agreed to.

On section 27—Dividends received by a corporation.

Mr. BLACK (Cumberland): This clause deals with "business losses", (26)(d). When I was home recently a case was brought to my attention of a business having been closed and put up for sale by the sheriff. The proceeds were about to be distributed, and seven days before the distribution was to take place the income tax branch notified the sheriff that there was an account owing for income tax two years previously, and instructed him not to make the distribution. These are the facts as they came to me. In Nova Scotia and in other provinces, workmen's liens are given priority; and in this case, if the income tax branch has its way, no payment would be made to the workmen from the proceeds of the sheriff's sale because the income tax branch claims the full amount. That would be a great injustice to these workmen. They worked for some months prior to the projected sale, and they would be denied pay for their labour. If the minister cannot answer the question now, I would ask him to do what he has promised to do in other cases, namely, to look into the matter to see whether there is not an injustice as far as these workmen are concerned, and that he give instructions to the department in Halifax, so that the men get their priority for wages, as should be their right.

Mr. ABBOTT: I shall be glad to look into the situation. It relates to the Halifax office?

Mr. BLACK (Cumberland): Yes.

Section agreed to.

Sections 28 to 44 inclusive agreed to.

On section 45—Farmers.

The CHAIRMAN: There is an amendment in the second line of the clause, which will now read:

> Every individual whose chief source of income is farming or fishing . . .

Mr. LENNARD: Is any effort being made to simplify the form for farmers' income tax returns?

Mr. ABBOTT: I am assured that the officials are working day and night on it.

Mr. LENNARD: It does not come under the minister's jurisdiction?

Mr. ABBOTT: It is under National Revenue, but one of the senior officers in front of me assures me that they are working at it.

Mr. FAIR: I suggest that the officials could save themselves a good deal of time by greatly simplifying the forms, instead of putting so much work on them.

Mr. ABBOTT: That is what they are trying to do.

Mr. FAIR: I hope they eliminate three-quarters of the questions. This section provides that on or before December 31 in each taxation year the taxpayer shall pay two-thirds of the tax as estimated by him at the rates for the year on his estimated taxable income for the year, or on his taxable income for the immediately preceding year. Is that something new?

Mr. ABBOTT: No. It has been the law. The only amendment is to extend it to fishermen as well as to farmers. The general treatment is the same. In contradistinction to most taxpayers, farmers do not have to make quarterly payments. They can wait until the year is over before paying the estimated amount of the tax, and the final payment is due on April 30 following.

Mr. FAIR: Has consideration been given to deducting from the farmer's income tax the amount he does not get for his produce, to which he is entitled?

Mr. ABBOTT: I do not think that is a matter which has been given consideration recently.

Mr. FAIR: It is about time it was considered.

Mr. GRAYDON: Many of us come in daily contact with farmers, and one of the difficulties is that those who are making the laws governing farmers do not know enough about agriculture to make those laws really applicable to people living on the land. The farmers throughout the dominion are always ready to obey the law. There are no more law-abiding people in the country. They want to do the right thing. At the same time, they have a perfect right to ask that they shall not be put into unnecessary straight-jackets by people who may not know anything about agriculture. That is the attitude which most farmers take toward many government regulations.

The government has gone into business extensively, in agriculture and other things, and it becomes more important than ever that the officials of the department, or those who are making these laws, should receive practical suggestions from bona fide farmers themselves. It is about time that the farmers themselves were allowed to make some suggestions as to how matters can best be worked out so far as their own business is concerned. It is not enough to go to a farmer who is a big operator. It is not always best to take advice entirely from someone who is not in the lower brackets of agriculture. The great bulk of the farming community is composed of people who are operating in small units. The department should seek advice of some of the smaller unit farmers in Canada, in order to see how this thing can best be worked out to the advantage of all.

These farmers come to members from time to time with many suggestions. The government departments are too far removed from the ordinary dirt farmers with regard to income tax forms and income tax levies. When a farmer, who has hardly enough time to do his ordinary work, is asked to go into big business almost and have his income tax return filled out in the same way as they are filled out by people who have bookkeepers, accountants and all that sort of thing, it is something that does not work with him. He needs something far simpler than that, or else he may have to go out of business. He cannot afford to carry a huge bookkeeping organization on the farm. He has enough trouble now to make ends meet without being faced with that necessity.

There must be a way out of this. I do not wish to be unnecessarily critical, but I should like to see if this government and parliament cannot get down to some kind of basis whereby the farmer will be able to find out what he is required to pay without going through all this terrible period of misery, one could almost call it, that those engaged in agriculture all over Canada must go through before they put in their income tax returns. I shall make a suggestion to the minister. This government spends a great deal of money on other things which are not nearly as important as this is. I think it would be a good thing for the minister to cut out some of this red tape and to bring here, at the expense of the government, a few dozen good small-unit farmers and get their advice with regard to what they think should be done in this matter. Having done that, the government should follow their advice, instead of that of some of these high-ranking officials who perhaps never saw a farm.

Mr. ABBOTT: I am glad my hon. friend brought this matter up, because the Department of Finance is not nearly as devoid as some may think of officials who have some interest and background in practical farming.

The assistant deputy minister of finance who sits in front of me here today, and who is in charge of taxation, was born and brought up on a farm. His brother still runs it; and it was his father's farm. The assistant deputy minister of justice, who sits in front of me today, was born and brought up in a little village in Saskatchewan. The brother of the deputy minister of finance still runs the family farm in Glengarry county, not far from here. Even the Minister of Finance himself was brought up in a small town, and lived on a farm from the time he was five years of age until he was thirteen. He learned to milk a cow; and, while it is true that he has not been in constant contact with the farming community, I can assure members of the committee that he knows something about the problems of the small farmer.

Mr. MACDONNELL (Muskoka-Ontario): There was no income tax then.

Mr. ABBOTT: I just mention that to show that the department is not staffed by people who have not had some practical experience on the farm.

Mr. GRAYDON: May I follow that point up with the minister? I am terribly serious about this matter.

Mr. ABBOTT: So am I.

Mr. GRAYDON: I am not making a light suggestion to the minister, because every person representing an agricultural section of Canada is faced with this important problem. It is also important from the general point of view of our citizenry at large that the income tax form be reduced to some simple terms so that there will be satisfaction as between agriculture and the government which is collecting the taxes. While the minister and all his deputies may have been brought up on farms, so was I; and when I go back to the farm now, I find that there have been a great many improvements and a great many changes in agriculture. More than that, as somebody pointed out a little while ago, in those days—in my day and in the minister's—we had to master a great many other practical things on the farm, but we certainly did not have to spend as much time as the average farmer now must in making out the infernal income tax forms that only a Philadelphia lawyer could possibly understand. I ask the minister why he does not accept my suggestion, bring some dirt farmers here and get their views.

Mr. ISNOR: How about a few fishermen?

Mr. GRAYDON: The expenditure for that purpose, I would say, would be the best bit of expenditure the government has made. It is important that the good will of agriculture be obtained with respect to the income tax just the same as it is important that the good will of other sections of the population should be obtained. Do not be unreasonable about the matter. The farmers want to do the fair thing, but they want to do it in a way which is practical for them and for the government as well. I make that serious suggestion.

Mr. ABBOTT: I know my hon. friend is serious. He will recall that two or three years ago when the question of farmers' income tax returns first became a serious matter, the tax branch consulted the Department of Agriculture, called the farm organizations in, and discussed the matter at length. The net result was that a six-page form was produced, instead of a four-page one.

Mr. GRAYDON: You did not have one of the people I am now suggesting.

Mr. ABBOTT: I am not suggesting this in a joking way. It is in the interests, not only of the farmers but of all the taxpayers, to have the forms as simple as possible. At the same time, the reasons that any income tax form is complex is in order to make the tax equitable. The simplest thing in the world is to make a flat percentage tax and say to the people that they will pay that tax, with no deductions for anything. But when you include deductions for depreciation, for medical expenses, for this and for that, then of necessity you get into a complicated form. That is what creates the difficulty. I am in complete agreement with my hon. friend that, whether it relates to the farmer, to the wage earner or anybody else, efforts should be made to have the forms just as simple as they can possibly be made.

Mr. QUELCH: I cannot believe that the officials who were responsible for drafting section 45 (a) can have had any experience whatsoever in grain farming. That section gives two alternatives, and they are both bad. Let me read the section:

> (a) on or before December 31 in each taxation year, two-thirds of the tax as estimated by him at the rates for the year on his estimated taxable income for the year or on his taxable income for the immediately preceding year.

Let us take the first one of those. He should estimate what his income will be and pay two-thirds by December 31. I think the minister more than anybody else will appreciate the difficulty farmers are having today in filling out their income tax forms. They

are having plenty of difficulty in filling them out by April 30. Before a farmer can possibly estimate what his income will be, he will have to fill out that form. Therefore you are asking him to fill out that form—he does not have to mail it, but he must fill it out in order to find out what his income will be—in order that he may pay two-thirds of it by the end of December. I suggest that will be a difficult thing, because he will find it hard enough to have these forms completed by April 30. Then the section gives the following alternative:

> . . . or on his taxable income for the immediately preceding year . . .

That is, of course, absolute and utter nonsense. How can anybody suggest that the income of a farmer last year is a guide to what his income may be this year? If he is a grain farmer, for instance, last year he may have threshed forty bushels to the acre, which would give him a good income. This year he may be hailed out and have no income at all. How could the department possibly suggest that a return for last year will be any guide whatever as to his income this year? The returns vary from year to year. They vary from five per cent—

Mr. ABBOTT: That same thing applies with regard to other occupations. In other occupations an estimate has to be made at the end of the first quarter.

Mr. QUELCH: Yes. But the minister will admit that the farming industry is a difficult one. Especially is that true with regard to grain farming, because practically the whole return comes in, in the fall of the year. I will frankly admit that I have never sent in two-thirds at the end of the year. I did not even know that I was supposed to do that; and I doubt if one per cent of the farmers today realize that they are supposed to send in two-thirds of the amount of their tax at the end of the year. I have never been notified. I have regularly sent in my income tax in April. I have never received a letter from the taxation branch telling me I should have sent in two-thirds of the tax by the end of December. Why? Nor have I been charged interest, or at least I have never been notified that interest was being charged. Is it actually the law today that the farmer should sent in two-thirds of his tax by the end of December? If so, how many farmers are doing so? What is the penalty for not doing so? And if there is no penalty, why should the farmer do it? Certainly I think that point needs clarification. I do not know of a single farmer who sends in two-thirds of his tax by the end of December. They wait until April, and they do not feel very happy about sending it in even then.

So I suggest that the minister could very well wipe out that provision as far as farmers are concerned. I do not believe more than a very small fraction of the farmers are complying with it, and I think the minister will agree that they are finding it hard enough to have their income taxes paid by April. Why put in a clause which can do nothing more than irritate the farmers? You are just going out of your way to put in a little section to get them mad, just as you did when you put out that net worth statement. You got them so mad that you finally had to withdraw it. Do not wait until they get mad about this. The only reason they are not mad about it is that they do not know it is there. If you start trying to force the farmers to send in two-thirds of their tax by the end of December you will meet with just about the same kind of reception as you got when you sent out that net worth statement. So I suggest that it would be far better to withdraw this section and tell the farmers to have their income tax returns in by the end of April.

Mr. ABBOTT: This section has been in the act since 1943. I do not want to irritate the farmers any more than anyone else, but I do not think the farmer is entitled to any extraordinary or special treatment.

An hon. MEMBER: But he gets it.

Mr. ABBOTT: He gets it in many cases. The average taxpayer has to pay his tax by instalments. At the beginning of the year he has to estimate what his income will be, and he has to pay one-quarter of the tax at the end of the first three months, another quarter at the end of six months, another quarter at the end of nine months, and the balance by December 31. The farmer gets special consideration here. He does not have to pay any of his tax until the end of the calendar year, and then he has an option. He can estimate his tax on his estimated income and pay three-quarters of it, or he can take his last year's income and pay the tax on three-quarters of that, paying the balance by April 30. I think that is fair. We are deducting from the salary and wage earner day after day, month after month as he goes along. We require instalment payments by those who receive income from interest and dividends. We make lawyers and other professional men who are on a fee basis pay in quarterly instalments, and I think this is fair for the farmer. I do not believe the farmers of this country want special privileges.

Mr. QUELCH: They want some sense shown in these matters.

Mr. ABBOTT: I think I am right in that; I believe I am.

Mr. QUELCH: There is all the difference in the world. You talk about someone in a secondary industry paying on a quarterly basis. The grain farmer does not get any return until the fall. If he had to make a quarterly return he would show certain expenses without any returns, and at the end of the half year he would show the same thing. His returns do not come in until the fall of the year.

Mr. ABBOTT: I do not know much about grain farming, but how many farmers in western Canada or elsewhere have not sold their crop by December 31?

Mr. QUELCH: There would be very few farmers who had not sold their wheat by December 31.

Mr. ABBOTT: And that is the first time the farmer has to make any payment.

Mr. QUELCH: But why ask him to make any payment then? Why not let it go until April?

Mr. ABBOTT: Because other people have started making their payments at the first of the year.

Mr. QUELCH: Let the minister answer this question, then. How many farmers are sending in two-thirds of their income tax by the end of the year?

Mr. ABBOTT: I could not say; that is not my department. I can say that the law is, and has been for five years, that the farmer should send in two-thirds of his tax at the end of the calendar year.

Mr. QUELCH: And they are not doing it, because they do not know the provision is there. Apparently the income tax branch have not notified them.

Mr. ABBOTT: Other income taxpayers know what the law is. I do not know why the farmer should not know about it. Special booklets are sent out explaining the law, and I believe the farmers are learning quickly.

Mr. QUELCH: Does the booklet in connection with farm income tell them they must pay two-thirds of their tax by the end of the year?

Mr. ABBOTT: Of course it does.

Mr. QUELCH: But my point is that the farmers do not know about it. Perhaps they should, but they do not, and they are not sending in that percentage. The thing I cannot understand is why the income tax branch have not notified the farmers, when they receive their tax returns in April, that they should have sent in a certain percentage of the tax by the end of December. They are not doing so. I have never paid anything in December, and I did not know I had to. Nor have I ever received any notice from the income tax branch.

Mr. ABBOTT: The only explanation I can give is that, of course, there has been a tremendous increase in the number of returns. Until the assessors get at the returns and see what has been the record of payment, they do not appreciate or realize that an instalment payment has not been made. I think that situation will correct itself pretty soon, as the taxpayers realize their obligations. The only point I am making is that, if anything, this is a rule which works in favour of the farmer and fisherman as against other types of enterprise.

Mr. QUELCH: I do not think it does, because they are not comparable.

Mr. CHARLTON: I want to support wholeheartedly what has been said by the previous speaker. If the minister had been on a farm in the last few years when income tax forms had to be made out; if he had to keep the books which are necessary in order to make out those forms, I think he would be more willing to listen to our complaints in this regard. I have made out income tax forms for several years, and I never knew we were supposed to send in two-thirds of our tax by the end of December. I, in common with the last speaker, never received any notice. The farmer is the greatest gambler in this country. At the first of the year, when he plants his seed, he never knows whether he will get a crop, nor does he know what he will be paid for it. To ask him to make a payment in six months—

Mr. ABBOTT: Twelve months; he can wait until the end of the year.

Mr. CHARLTON: And in many cases at the end of the year he has not sold the crop.

Mr. ABBOTT: Then it goes into the next year, anyway, if he is on a cash basis. I do not know whether members of the committee appreciate it, but this is a part of the pay-as-you-go tax plan put into operation in 1943, when those earning salaries and wages were compelled to have a portion of those salaries and wages taken out each week or month,

depending upon the pay period, as a tax payment. In the case of investors and businessmen, payment was to be on a quarterly basis. In the case of farmers and fishermen, they pay two-thirds at the end of the year, and then they have another three months in which to pay the balance. I do not know; perhaps my ideas of what is fair are all wrong, but it seems to me that is eminently fair and reasonable. Certainly if you contrast the farmer with the wage earner, the worker in the city, it is more than fair. The farmers may not know about it, but I cannot see that it is unfair.

Mr. QUELCH: But the wage earner gets his wage every week or every month. The grain farmer gets his returns at the end of the year, and he does not get any money until then. To say he should pay money each month would be utter nonsense.

Mr. JAQUES: I should like to support the remarks of the previous speakers with respect to this clause. I can assure the minister I have had a number of letters from farmer constituents of mine; and while no one likes to pay taxes, these letters express far greater objection to the nature of the form they have to fill out than to the tax itself. It is perfectly true that it has created a great deal of ill-feeling. We want to avoid ill-feeling where we can; but I can assure the minister that this feeling is widespread among farmers in the west, including those in my own riding. As I say, I have had many letters dealing with this matter.

Mr. WHITE (Middlesex East): As other hon. members have said, I believe farmers who are eligible for taxation are prepared to pay it. But they are hesitant because, if they make returns, some smart mathematician who does not know anything about farming may trip them up. A farmer, who may have made out his return with the very best of intentions, will find himself in difficulty.

Another thing which bothers him is that it may be four or five years before he obtains a clearance for his return. No business, except the taxation branch, can be carried on in that way. I can see no reason in the world why returns should not be cleared in the calendar year in which they are filed; not four or five years later, at a time when a man cannot remember where he stood.

This government has socialism beat a mile. It is a partner in every enterprise that wins, but it is not a partner in the enterprise that loses. If a socialist government were to take office it would have to participate in the losses as well as in the gains. Farmers complain that in the years when they have good crops they are penalized, and they wonder why they should continue to produce. I think this form should be simplified.

Mr. ABBOTT: Hon. members will appreciate that most of the discussion would be more appropriate on the estimates of the Minister of National Revenue, because this matter concerns him primarily. It is not the concern of the Minister of Finance. While I do not wish to curtail discussion, it is not my personal responsibility to look after those matters, and I should think that hon. members might discuss them under the estimates of the Department of National Revenue.

Mr. CHARLTON: This makes it necessary for the farmer to make out his income tax before December 30?

Mr. ABBOTT: It does not.

Mr. CHARLTON: To estimate two-thirds of his tax, he could not possibly do so without doing that. In effect it is asking him to make out two sets of forms in the same year —and one is bad enough. I would add, further, that I subscribe to what was said earlier with respect to having a farm background for inspectors. I would urge that any inspectors going out to farmers—

Mr. ABBOTT: The hon. member knows, of course, that this does not come within my department.

Mr. CHARLTON: I realize that; but it has been mentioned before and I should like to have my views on record. Inspectors going out to interview farmers should, by all means, have a farm background.

Mr. CASTLEDEN: While it is not the responsibility of the Minister of Finance to collect the tax, it is the responsibility of the minister and his department to see that taxes are assessed on a realistic basis. What has been said emphasizes the fact that income tax laws are not realistic when applied to farming. I would refer the minister to what happened in 1942 and 1943. In those years the government regulations prohibited farmers from delivering their grain. They were put on a quota basis, and were allowed to deliver five bushels per authorized acre. The remainder of the grain was held on the farms. In those years the farmer suffered a loss on the operation of his business, so far as cash income was concerned. Then in 1944 he was told to deliver all he could. The quota was opened up, and immediately the farmer was placed in the income tax brackets, through the income he had received in that one year.

I believe one would find a good deal of protest throughout the country, because the laws applying to farm incomes do not consider

the peculiar nature of the occupation of farming as a business, as differentiated from other types of business, or even from the man who earns his income as an employee.

Mr. ABBOTT: They are allowed the five-year average.

Mr. CASTLEDEN: Yes, I know the average is allowed. I think it will be found that at the present time many farmers are asking that the law be altered, so that they may make some kind of payment on their income tax when they deliver grain or other produce. It might be arranged so that, when the extent of their exemption is reached, a certain proportion might be taken from the receipts from their deliveries over and above that amount.

We can deal with the collection of income tax when we are discussing the estimates of the Department of National Revenue, but I do protest that the legislation respecting farm incomes is entirely out of line with the whole business of farming; and the farming community resents very much the present set-up.

Section agreed to.

On section 46—Other individuals.

Mr. TIMMINS: I should like to make a protest with regard to this section. Under the section it appears that every individual, with the exception of those to whom section 44 (2) and section 45 apply, must pay their income tax in four equal quarterly instalments on March 31, June 30, September 30 and December 31. If one does not pay the tax of those dates, interest is charged for the remainder of the year.

During the war the practice of requiring quarterly payments of income tax grew up. As I remember it, the arrangement was a voluntary one. It was with some considerable shock, therefore, that I learned the other day in committee that now the quarterly payment of the tax is compulsory, as is shown on the form which was shown to me by the Minister of National Revenue.

The hon. member who has just taken his seat was right when he said that the collection of the tax must be realistic. Speaking personally, I find it difficult to estimate the tax each quarter as I go along. I, for one, would like to be in a position to look at a little bit of money as I accumulate it before I have to pay it out. I believe the people of the country generally do not know that if they do not pay their tax payments at these quarterly instalment periods they must pay interest on that money at a rate of five or six per cent.

Mr. ABBOTT: It has been four per cent in the past.

Mr. TIMMINS: The people should understand and should be told.

Mr. ABBOTT: It is four per cent until January 1, 1949.

Mr. TIMMINS: I do not think this a realistic procedure. People in this country are having a real struggle to pay income tax and to pay it almost before they get the money in their hands.

Mr. ABBOTT: That happens to every salary and wage earner.

Mr. TIMMINS: The salary and wage earners know what they are getting from day to day. Other people, including small merchants, people in business and those in the professions have a hard time to find out exactly what they get every three months. It seems to me that this is too harsh.

Mr. ABBOTT: I am familiar with the problem. When I was paying income tax from the practice of law I had the same difficulty the hon. member has described in estimating what my income would be over the year. Nevertheless I made my quarterly payments.

Mr. BLACKMORE: Mr. Chairman, from the way the minister has expressed himself I would suggest, with all deference, that the minister is probably a little too optimistic in his views about farmers. I was raised on a farm and have experienced the ups and downs of farming. I know there is a tremendous amount of uncertainty in all matters relating to farming, and in that respect the farmer is in an entirely different position. Consequently, in the matter of paying taxes he should be given the utmost consideration.

There are farmers with good land who have found just the right way to farm it and who, therefore get a good income every year, but other farmers three or four miles away who do not happen to have the same kind of land or perhaps do not work it the right way, or through no fault of their own, through hail or frost and other vicissitudes, get little or no income at all.

Take the area I live in. The farmers in some parts could not get on their land this year until after the 1st of June. Naturally they are in great uncertainty. No one can tell what they will be able to make. That is just one illustration. There is drought, disease, wind, insects and all that kind of thing entering into a farmer's life besides adverse prices and markets. Do not let the idea get abroad that farmers ought to be treated on the same basis as other producers in the country. The farmer's lot is, at the

very best, a very hard and precarious one; that goes for the vast percentage, from seventy-five to eighty per cent, of the farmers throughout this land, and it is usually that seventy-five to eighty per cent who are the ones who are worried almost to death in making out income tax forms and struggling to clear themselves from a lot of official interference. It is these people about whom I am greatly concerned, not the few fortunate ones who are able to get along.

I say once more, let us be as considerate of our farmers as we possibly can be. A discussion took place in the house the other day as to why we had fallen down in butter production. One of the main reasons is the income tax structure. The farmer milks his cows at night after a long day's work, and again in the morning before a long day's work, and all of it is done in his overtime. To take the income which that man happens to make, perhaps a few hundred dollars, from the milking he does, and to add that to his income and increase his income tax accordingly, is just pure mismanagement of the nation's affairs. If we cannot talk that fact into the government, it will be knocked into the government by a deficiency in production, and by that time it will be too late, because the means will be out of the farmers' hands to produce such commodities as milk, butter, eggs, beef and pork. It is my settled opinion, after talking with a great number of farmers in my constituency and in other parts, that this uncertainty about production which is worrying us so much today is largely the result of the income tax regulations.

Mr. SINNOTT: I wish to thank the minister for the background that he has been good enough to give us today with respect to his officials. However, a lot of the trouble we are running into over the income tax forms is not the result of the officials in front of him but is due to a man named Brown, from Winnipeg, who was a former banker.

The income tax is complicated to the last degree, but the hon. member for Lethbridge has given a very good illustration of how it works out in practice. If the minister would go around my constituency with me and talk to the farmers he would find not dozens but hundreds of them who would tell him that the situation pointed out by the hon. member for Lethbridge is a true picture of the actual conditions.

The farmer is in a class by himself. He is not looking for special privileges. He keeps a few cows as a sideline and has to be up milking them at six o'clock in the morning before he goes out into the fields, and then milk them again at night after his day's work in the field. On many farms the children help with the milking. If something is not done to relieve the income tax burden on the farmers, production will be curtailed a lot more yet. We must be realistic and try to find the cause for decreased farm production. It is largely because of the income tax. Provision must be made to encourage production by giving the farmer and his children the same opportunity that other people have. The man who lives in a city and has five or six boys under sixteen very often has one of his boys peddling papers; another will be running errands for some store, and all of them have an opportunity of making a good many dollars on the side, which is never counted as part of the family income. But the farmer and his family are considered as one unit, and the father pays the penalty in increased taxation. Some change must be made in the income tax if the farmers are to be encouraged to produce more farm products.

Section agreed to.

Sections 47 and 48 agreed to.

On section 49—Payments on behalf of others.

Mr. MILLER: Subsection 2 requires the trustee to obtain a certificate from the minister before distributing any property under his control. Can the minister tell us what, if anything, is being done to expedite the issuing of these certificates? Until the certificate is issued, the final administration of an estate is held up, and there is need of a better system to speed up the issuance of certificates, particularly when one is paying a premium to a bonding company.

Mr. ABBOTT: I know the problem, for I used to encounter it myself. I know it sometimes took a long time to get a clearance certificate before one could distribute the assets. I am told by the official in front of me that every effort is made to get the certificates out as quickly as possible. But first, of course, the returns have to be assessed. We are trying to improve the system all the time.

Section agreed to.

Section 50 stands.

Sections 51 to 56 inclusive agreed to.

On section 57—Exemptions.

Mr. BRADSHAW: May I call the minister's attention to paragraph (h), dealing with mutual insurance corporations. In 1946 a tax was imposed on mutual fire insurance companies, the tax being thirty per cent of their

earned surplus for the year. I consider that this clause works against the smaller companies. You have to build up your surplus according to the Ontario insurance act. We have to build up a surplus of eighty cents per $100 of insurance in force in order to guarantee our operations. The small mutual fire insurance company is in a field by itself. It does not go into commercial risks. It is only a farmers' mutual. Section 67 of the bill provides that a company may refund out of the yearly increase any surplus to its policyholders. On the face of it, this section would appear to give the farm mutuals the choice either of paying the income tax out of the yearly increase in surplus or of refunding the yearly surplus to their policyholders. On the other hand, the Insurance Act prohibits this. In fairness to the smaller companies, I should like to move an amendment.

Mr. ABBOTT: Will my hon. friend permit me to interrupt him? I am very familiar with the point he is making, because he has come to me with a delegation and has put it before me. The point he is making relates to section 67. This section gives complete exemption to certain types of corporations. Section 67 allows deductions from gross income on patronage dividends or refunds, or whatever it may be. Perhaps I am anticipating the amendment which my hon. friend proposes to make, but I know what he wants. He wants mutual insurance companies to be allowed to create reserves up to a certain limit, without having to pay taxes on the amount so placed in the reserve.

Mr. BRADSHAW: With all deference to the minister I think subsection 1 (h) should be amended and made a separate clause. It should read as follows:

A mutual insurance corporation in which the excess of assets over liabilities at the end of the taxation year in dollars per thousand dollars of net insurance in force at the same date is less than the amount set out in the following table:

When total net amount at risk exceeds	$25,000,000—	$ 6.00
When total net amount at risk exceeds	10,000,000—	7.00
When total net amount at risk exceeds	5,000,000—	8.00
When total net amount at risk exceeds	2,000,000—	10.00
When total net amount at risk exceeds	1,000,000—	20.00
When total net amount at risk is less than	1,000,000—	30.00

In excess of $25,000,000 risk, the company can have excess assets of $6 per $1,000 of net insurance in force without being liable to tax. Over that amount, the company would be liable for 30 per cent tax. I am not opposed to the insurance company paying taxes, but it has to build up its reserves in order to guarantee its survival.

Mr. ABBOTT: As I said, I am familiar with the point which my hon. friend is raising. I think I should say at the outset that his amendment is out of order. It increases the exemption clause of mutual insurance companies, and as such can be proposed only by a minister of the crown.

What the hon. member is suggesting is that in the case of mutual insurance companies they should be entitled to create reserves out of tax-free income up to the point required either by the bylaws or by the provincial legislation under which they are organized. That question has been carefully considered by myself and by my officials. I have not felt that that special exemption could be extended to these companies. I assure my hon. friend and the committee that I am thoroughly familiar with the problem. As to the specific amendment, I think I would have to take the stand that it is out of order because it is proposed by a private member.

Mr. MILLER: In support of the case that has been proposed by the hon. member, may I make a request of the minister? Unless the amendment, or some such amendment, is accepted by the minister, the section does discriminate against these smaller companies which must of necessity, to comply with the Ontario insurance act, refuse to pay out their earnings until they have resources to satisfy that act. In other words, a small company or a large company which already has sufficient reserves on hand can pay out to its policyholders the amounts that it has on hand and escape tax; but the others, the smaller companies which have not created those reserves, are of necessity bound to retain it in their hands, and must not pay it out. Therefore they are being deprived of the right of escaping from the payment of these taxes, and instead of keeping enough to build up these reserves they have to keep an extra 30 per cent to build up an equivalent reserve. I would make this request to the minister in support of what the hon. member said a moment ago. I would ask the minister to keep this subsection in mind until after the dinner recess, provided that we do not get finished, and then give it a little further thought to see if it cannot be amended.

Mr. ABBOTT: I have always an open mind on these matters. Let me say at once that this is a section to which I have given a great deal of thought. The problem is exactly that of the co-operatives, which have asked that reserves be established out of tax-free income

up to the standard required either by provincial co-operative legislation or otherwise. I must say that, after the extensive consideration which I have given to this problem relating to the mutual insurance companies, I could not accept the amendment. I do not like to appear dogmatic, and I would not if it were not for the fact that I received these representations and if I had not considered them thoroughly. Perhaps it is not necessary for me to give all the reasons. It is an important question of policy, so that if any change were made I would make it as a budgetary change. As I see things now, I cannot grant the concession.

The DEPUTY CHAIRMAN: Order. It is perfectly in order for hon. members to bring this matter to the attention of the minister and ask for an amendment, or that consideration be given to it, but the amendment would be out of order on two grounds: first, as the minister has pointed out, it would affect the balance of ways and means. Second, I think hon. members should keep in mind the wording of the resolution which preceded the introduction of the bill, which read as follows:

> Mr. Abbott moved that the house go into committee of the whole at the next sitting to consider the following resolution:
> That it is expedient to introduce a measure to revise and consolidate the laws respecting the levying of income tax and administration thereof.

That does not make any provision for changing existing taxes.

I think hon. members are right in taking advantage of the opportunity to bring the matter to the attention of the minister, and ask that he give it consideration. I shall have to rule the amendment out of order.

Mr. BRADSHAW: I bow to your ruling, Mr. Chairman. As president of an insurance company, I know this will be a hardship on the smaller companies. We do not know what our risk will be. Sometimes it may be $6,000; sometimes it may be $20,000. In my own company we have $5,000,000 of risk. We are running on twenty cents a hundred, and have our surplus of $40,000 in values. Suppose we make two cents a hundred, $2 on $100. On the $10,000 of our surplus every year we have that income. We may have a loss of $6,000. Say we have a surplus of $2,000. We pay $600 on the $2,000; but we may have a loss of $10,000 or $20,000, we do not know. It is not a corporation. I claim that a mutual fire insurance company is not a corporation, not a profit-making corporation.

Mr. WHITE (Middlesex East): May I say a word in support of what the hon. member for Perth and the hon. member for Portage la Prairie have said? It seems to me that the net result of this taxation will be that some of the mutual fire insurance companies of the country will be taxed out of existence. Mutual insurance companies are in this peculiar position. With increasing values of farm stock and buildings, a considerable amount of increase in insurance has been placed on these farms. Should there be decreases in values in the future with losses occurring, they will be put in a serious situation. I am afraid it will put some of the smaller companies out of business.

Mr. MACDONNELL (Muskoka-Ontario): The minister himself raised the question of co-operatives, but is he not in this legislation assisting them to build up reserves, by means which I need not mention in detail, and is that not substantially what this mutual company is asking for? I would hope, notwithstanding the fact that the minister says he has considered it, that he might consider it again.

Mr. ABBOTT: The provisions of this act extend to mutual insurance companies. Section 67 extends to mutual insurance companies and to any corporation. The only thing the section does is to exempt completely from income tax certain types of mutual insurance companies. There is no change in the law. It is the same law that has been in existence for two or three years. Section 67 may indirectly help mutual insurance companies along with other mutual corporations, but there is no change at all, and the essence of what is desired is to create reserves out of tax-free income. If that can be done under section 67, well and good. I do not know that it can, but that is the only section under which it can be done. As a general rule, that is not the principle followed in the taxation law.

Section agreed to.

On section 58—Trusts or estates.

Mr. MACDONNELL (Muskoka-Ontario): I wish to point out something to the minister, and here I appeal not only to his open mind but to his open heart. It is connected with universities. I have no doubt he is familiar with the point I wish to raise. I refer to subsection 4 of this section. This, I think, is a change in the act working to the disadvantage of universities. I would remind the minister that universities are having greater and greater difficulty in collecting funds, and greater and greater difficulty by reason of added expenses. As I understand the situation there is now being introduced a change whereby income which is not payable during the year to a beneficiary is taxable, whereas in the past income could be accumulated for the benefit

of universities and not be taxed during the year, provided that it was being accumulated for a charitable purpose.

Mr. ABBOTT: I am not clear as to the facts my hon. friend has in mind, but there is no change in the law from what it has been for several years. The arrangement is different; the words may be transposed; but there is no change in the law; and the effect of the law, since the Burns case, which was referred to in the committee, is that one cannot accumulate moneys in a charitable trust and pay them over at a later date to charity. The money must be paid year by year as the revenues are earned, in order to benefit by the exemption. There is no change as a result of this bill.

Mr. MACDONNELL (Muskoka-Ontario): I am perplexed, because the statement I have here is that the bill abandons the use of the term "for the benefit of unascertained persons" and substitutes language which seems wider, namely, income . . . as was payable in the year to a beneficiary. My understanding, and I thought I had confirmed it, is that this does so change the law as to work a hardship on universities and other charities.

Mr. ABBOTT: It is difficult to argue legal interpretation in committee, but I am assured by the assistant deputy minister of justice that there is no change in the law. The old section provided that income accumulated in trust for the benefit of unascertained persons or persons with a contingent interest shall be taxable in the hands of the trustee. I can assure my hon. friend that there is no change in the law with respect to the income of trustees.

Mr. MACDONNELL (Muskoka-Ontario): Suppose income is being accumulated for the purpose of a university; the use of the phrase 'unascertained persons" would not, I take it, include universities.

Mr. ABBOTT: That is right.

Mr. MACDONNELL (Muskoka-Ontario): But now it says, "income . . as was payable in the year to a beneficiary."

Mr. ABBOTT: What section is my hon. friend referring to?

Mr. MACDONNELL (Muskoka-Ontario): I am referring to section 58 subsection 4.

Mr. ABBOTT: Would my hon. friend mind stating the point again?

Mr. MACDONNELL (Muskoka-Ontario): Does the minister agree that the use of the term, which is in the old act, "for the benefit of unascertained persons" would not include a university or a charity for which the money was being accumulated? As I understand the law, it was only when it was for the benefit of unascertained persons that a tax was payable 'on it year by year in the hands of trustees as it was accumulated, whereas now the wording is broader and it is taxable unless it is payable in the year to a beneficiary.

Mr. ABBOTT: The relevant section under 11, which is the old section, was 11 (2), which taxed income accumulating in trust for the benefit of unascertained persons or persons with contingent income, which was taxable in the hands of the trustees.

Mr. MACDONNELL (Muskoka-Ontario): May I stop the minister there and ask whether he thinks that, under that, income in trust, accumulated for the eventual benefit of a charity, would be taxable?

Mr. ABBOTT: I was going on to say that subsection 4 of the old section provided that income received by an estate or trust and capitalized shall be taxable in the hands of the executors or trustees, or other like persons, acting in a fiduciary capacity. Those two sections have been combined in the new law, but there is no change in the law.

Section agreed to.

Sections 59 to 108 inclusive agreed to.

On section 109—Garnishment.

Mr. BARRETT: I understand that the onus is put on the employer to pay taxes which the employee may be owing, even though those taxes accrued while the employee was working for another man. Is that correct?

Mr. ABBOTT: I am informed that, as is the case in other similar circumstances, where a man has incurred a tax liability for the previous year and then goes to work for a new employer, a garnishee for his past indebtedness may be placed in the hands of the new employer. That can happen to any person who is indebted for past due obligations. The man for whom he is working at the present time can have a garnishee order put in his hands and the salary attached.

Mr. LOCKHART: Then he will quit.

Mr. BARRETT: The garnishee would more or less be a court order. This matter was drawn to my attention by a farmer in my own constituency. In perfectly good faith he engaged the services of a man this spring. The other day he received a letter from the income tax branch saying that this man was in default in the amount of $300 or $400 and that the employer—the farmer who employed him—would be held liable if he paid this man any part of his wages. The income tax branch

did not say what percentage of the man's wages the farmer was to hold back, or whether he was supposed to pay the whole thing. The effect would be that if he refuses to pay this man any part of the wages that he engaged to pay him, the man will just quit and go somewhere else. It seems to me that the onus ought to be put on the man himself in some way, so that he understands the position in which his employer is put.

Mr. ABBOTT: I shall have to discuss that matter with the officials, but I am not familiar with the practice there. The enabling provision here is the usual enabling provision which has been in the act for some time. It may be that the practice in handling these matters could be improved, so that both the employer and the employee whose wages have been seized could be more promptly and accurately advised as to just what their respective liabilities were. I shall be glad to take that up with the departmental officials and see if that can be accomplished.

Mr. MILLER: As the minister knows, most garnishees apply just to what is in at the time of the service of the writ of garnishment, but this is a future attachment. Is any provision made whereby a man working for wages would have anything at all to live on, or is the whole thing taken?

Mr. ABBOTT: I understand that in most provinces—and I know it is the case in my own—only a certain portion of the man's wages or salary can be attached. That rule would apply to income tax liability the same as to any other. I do not know what the practice is in my hon. friend's jurisdiction.

Mr. MILLER: The section does not say that. It says that the employer must pay over all his earnings. That is in subsection 3 of section 109. That seems to be pretty tough on the man's wife and family.

Mr. ABBOTT: In the section provision is made.

Mr. MILLER: The department may stipulate the amount.

Mr. ABBOTT: That is right, I am told that the reason for doing that is that it is only in the province of Quebec that a fixed amount is stipulated beyond which the employee's salary cannot be garnisheed.

Mr. MILLER: What is the practice?

Mr. ABBOTT: This gives to the minister the right to extend the same sort of treatment that is obligatory by law in some jurisdictions.

Mr. MILLER: What I am trying to get at is this. What is the practice?

[Mr. Barrett.]

Mr. ABBOTT: The practice is to take only a relatively small portion.

Mr. BARRETT: As I understand the situation from this man who was speaking to me, no stipulation at all was made in the letter. No amount or no portion of the man's wages was mentioned.

Mr. ABBOTT: If my hon. friend will give us the particulars of the case, we shall have it looked into at once.

Mr. HARRIS (Danforth): Where an employer discovers that one of his employees has not discharged his responsibility with regard to income tax payment, is it not possible to avoid the necessity of going through the form of garnishment and attachment? Is it not possible for the department to notify the employer that he must pay to the receiver general any moneys payable to the individual concerned? In this particular case the individual has pay for three weeks' holidays owing to him, which is almost sufficient to discharge his obligation of $200 or $300 with regard to unpaid income taxes during the year. Could the department not demand of the employer that any moneys held to the credit of the employee be used to discharge his obligation? What I am trying to get at is this. In order to avoid the necessity of going through garnishment and attachment, could that not be done?

Mr. ABBOTT: The so-called garnishment is effected by a letter from the minister. I am told that in practice it is usually worked out by voluntary arrangements; the employer, the employee and the department agree that an amount which is reasonable be paid over each week or each month, as the case may be, in satisfaction of this liability.

Mr. HARRIS (Danforth): When it so happens that there is sufficient money to discharge the obligation, and when the employee is now out of the employment of the employer and the employer has that money which is due to the employee for holiday pay, is it not possible for the department to collect the whole of the debt?

Mr. ABBOTT: I should think, under those circumstances, it should collect the whole thing.

Mr. McMASTER: What is the practice with regard to people who go to work transitorily, work maybe for a week in Canada and then leave the country? I refer to somebody coming in here, making perhaps $2,000 or $3,000 in a week's work and then leaving the country. In the United States I believe means are available for collecting income tax at the time.

Mr. ABBOTT: That would depend upon the circumstances. Under section 44, subsection 1, there would be a deduction of 15 per cent by the employer, or the person in Canada paying the wages, fees or commissions, which would be remitted to the receiver general. That would be on the assumption that the employee was a non-resident.

Mr. McMASTER: I thought that was only with regard to dividends, interest and royalties.

Mr. ABBOTT: If my hon. friend will look at section 44, subsection 1, he will find that it reads in this way:

> Every person paying salary or wages or other remuneration to an officer or employee, a superannuation or pension benefit, a retiring allowance, an annuity payment, director's fee or fees, commissions or other amounts for services . . . shall deduce or withhold therefrom such amount as may be prescribed . . .

It is now 15 per cent.

Mr. JACKMAN: If the taxpayer finds that he must employ outside help in order to keep his books, is he allowed to deduct the money he pays for that purpose as an expense from his income? The reason I ask the question is this. While technically the money is not spent in earning the income, the man would not be free to devote himself to earning income, likely at a much higher rate, if he had to keep track of his own accounts so that he would be able to fill out his income tax return at the proper time. I should like the minister to answer whether or not he is allowed to deduct those expenses as a legitimate item.

Mr. ABBOTT: It would depend. If he is in business, he is entitled to deduct his bookkeeping expenses, the same as any other expenses. If he was purely an investor; if he simply holds stocks and bonds, I do not think he is entitled to the cost of keeping a record of his investment receipts.

Mr. JACKMAN: It seems absurd that he is not allowed to do so, because if he has to keep a double-entry system himself, as he must if he is to keep accurate books, he will have to devote much of his time to that type of work; whereas he is much better employed, from the standpoint of the treasury as well as himself, if he sticks to his own knitting and lets somebody else do that piece of work which is perhaps not directly attributable, as I pointed out in my explanation, to bringing in the income.

I hope the minister will give consideration to that point, because a great many people find they cannot look after their own books. They do not know how to do double-entry bookkeeping, to begin with, so that if they are to know where they stand, particularly in relation to the revenue department, they must employ outsiders to keep their books for them. Surely that is a legitimate expense which they should be allowed. Otherwise a man must take his own time to do the work and cannot earn as much; so he would not be in as high a bracket for the purposes of the income tax branch as would be the case otherwise.

Mr. ABBOTT: I have no doubt there would be cases in which that would be appropriate. It is a little hard to give an opinion on a hypothetical set of facts. Each case would have to be dealt with on its own merits.

Mr. CASTLEDEN: In regard to indebtedness for income tax, where a taxpayer may be indebted to the government, or the government may think he is indebted, a number of taxpayers have complained that there seems to be no cut-off date. Recently a farmer drew to my attention the fact that he had been asked to send in a return for 1940. All his receipts had been burned. He had no income tax to pay that year and he made no return. Now he can make no statement of his expenses and practically no statement as to his income. Is there any cut-off date at all in the act, beyond which the government does not collect income tax? Surely, if a man is not assessed within eight years it should be assumed that he is not to be taxed.

Mr. ABBOTT: No date is fixed for the filing of a return. A date is fixed after which the return which has been filed may not be reassessed.

Mr. CASTLEDEN: But there is no date beyond which a person may not be asked to file a return?

Mr. ABBOTT: No. Theoretically one who has not filed returns could be asked to go back as far as 1917, when the act came into force.

Mr. CASTLEDEN: If there were such a cut-off date it would do away with a great deal of difficulty on the part of those who find themselves asked by the officials of the department to send in returns after eight or nine years. Surely some date should be placed in the act, which would relieve a person of the worry of such a thing after a long period of time, particularly in areas where it is practically understood that the average person had no income tax to pay, and where he had been informed by the papers and even by statements of government officials that if he were not taxable he did not have to send in a return.

Mr. ABBOTT: This is not in my department, of course, but I am told that in practice the department does not ask for returns for previous years unless it has strong reason to suspect that a tax return should have been filed.

Mr. CASTLEDEN: I would still suggest that a date be put in.

Section agreed to.

On section 110—Seizure of chattels.

Mr. BLACKMORE: Has this been in the act previously?

Mr. ABBOTT: Yes. There is nothing new in this clause at all.

Mr. QUELCH: Does the minister not think a ten-day limit is rather short? It is all right in districts where a person is close to the post office, or where there are good roads. As the minister is aware, however, there are many areas, especially in western Canada, where at times it is almost impossible to traverse the roads to reach the post office. I know in my part of the country there are times when we do not get our mail for two weeks, or sometimes three. As a result, people may find that the government will be seizing their chattels. That is true of ordinary mail. It is even more true of registered mail. Your neighbour may bring out your regular mail in the ordinary course, but he would not be able to bring out a registered letter, which would have to wait until you went for it. Could the period not be extended, say to three weeks? In the latter part of the winter, especially, roads are often blocked for two or three weeks, and they are often impassable during the first month of spring. This year, for example, many roads and bridges were washed out. A man might easily be three weeks getting his mail, and he would not have any knowledge that a notice of this kind had been sent.

Mr. ABBOTT: I am told that this is rarely if ever applied. It is a protective section put in to enable the tax department, if they have some reason to think a taxpayer may be disposing of his chattels with a view to avoiding payment of tax, to allow a short delay within which he must pay, and then attach the chattels. But I am told by the officials before me that it is rarely if ever used.

Section agreed to.

Sections 111 to 118 inclusive agreed to.

On section 119—Offences.

The CHAIRMAN: An amendment was made by the committee to this section. Shall I read the amendment?

[Mr. Castleden.]

Mr. CASTLEDEN: We would like to have it, please.

The CHAIRMAN: The section was amended in committee to add the following as subsection 3:

(3) Where a person has been convicted under this section of failing to comply with the provisions of this act or a regulation, he is not liable to pay a penalty imposed under section 51, section 122, or section 117 for the same failure unless he was assessed for that penalty or that penalty was demanded from him before the information or complaint giving rise to the conviction was laid or made.

Section as amended agreed to.

Sections 120 to 124 inclusive agreed to.

On section 125—Artificial transactions.

Mr. GREEN: Will the minister give some explanation of this section? I believe the suggestion has been made by the Canadian Tax Foundation—

Mr. ABBOTT: I think that is the next section.

Mr. GREEN: I know they are complaining of both sections 125 and 126. Apparently the suggestion has been made that already there are sufficient checks in other sections of the act to prevent the evasion which is supposed to be covered by section 125.

Mr. ABBOTT: Subsection 3 was put in as a result of representations made by the tax foundation and others.

Mr. GREEN: Under subsection 3 the onus is on the taxpayer, is it?

Mr. ABBOTT: That is correct.

Mr. GREEN: The taxpayer would have to show that the transaction—

Mr. ABBOTT: Was bona fide; but presumably he would have no difficulty in doing so.

Section agreed to.

On section 126—Tax avoidance.

Mr. ABBOTT: An amendment was made to this clause in committee, and I promised to give consideration to a further amendment before the bill was considered by the committee of the whole. The amendment made by the banking and commerce committee inserted the word "main" in the second line of the section, so that it will read:

Where the treasury board has decided that one of the main purposes for a transaction or transactions effected before the coming into force of this act was avoidance or reduction of taxes . . .

In committee I suggested that I might be prepared further to amend this section by

putting the word "improper" before "avoidance or reduction", so that it would read, "was improper avoidance or reduction of taxes". I am prepared to ask one of my colleagues to move such an amendment. In order to give effect to the amendment, however, I would add a further subsection as subsection 6, which would read:

An avoidance or reduction of tax may be regarded as improper for the purposes of this section although it is not illegal.

The reason for the amendment is that the word "improper" might be interpreted as meaning "illegal". The evil which this section seeks to correct is that by legal but rather devious means an avoidance or reduction of tax may be accomplished which should not be accomplished. In its present form the section has been in the act since, I think, 1943. It came in, in wartime. It was in the act in another form before that, and in its present form it came in, in 1943. I am prepared, according to the undertaking I gave, to ask one of my colleagues to move this further amendment.

Mr. HACKETT: I am going to say just a few words about this section, because it seems to me that it goes much farther than even the rapacity of the tax gatherer can justify. The language is simple, it makes a crime of seeking a reduction in one's income tax. We discussed this matter at some length in the banking and commerce committee. I assume that the law will be fairly interpreted and that it will be applied, as we believe all our laws are, with justice and with the utmost care. But why it should be suggested that a person who seeks, under the law, a reduction in his income tax is a person concerning whom a direction may be made, is a little difficult to understand.

The wording of 126 (1) is:

Where the treasury board has decided that one of the—

And the minister has suggested an amendment.

—purposes for a transaction or transactions effected before or after the coming into force of this act was avoidance or reduction of taxes—

Mr. GIBSON (Hamilton West): The word "improper" was added.

Mr. HACKETT: Yes.

—improper avoidance or reduction of taxes that might otherwise have become payable under this act . . .

And so on. He suggests that the word "improper" be defined; and "improper", as I understand the amendment, is not to be interpreted as "illegal". The transaction may be legal and still be improper. I suggest that this is not only putting the court in a difficult situation but admitting the inability of parliament to enact effective legislation. It places in the hands of treasury board the power to write a direction whenever it wishes; because the only condition of such a direction is that the taxpayer shall seek a reduction in taxes which treasury board may call improper, but which is not illegal.

I regret very much to see legislation go on the statute books which gives to officialdom the right to penalize where there is no illegality; and that is the position which the committee is now being asked to assume. It is more or less fashionable these days to abuse officials and refer to them as bureaucrats. Be that as it may, this section is an evidence of a desire to have one's way, despite the law. It is a statement by parliament that officialdom shall reign, whatever the law says. That, Mr. Chairman, is a further encroachment upon fundamental liberties and civil rights which the House of Commons should resent.

We have gone through a number of sections hastily this afternoon, more hastily than wisdom would dictate. But when we are blandly asked to enact legislation which, regardless of its meaning, says, "Somebody is going to have the right to penalize you and to issue a document which, when it goes before the tribunal which revises these matters, may not be revised"—because the appeal board has no right to revise a direction—then I say we are going too far.

I move, therefore, seconded by the hon. member for Kamloops:

That section 126 in the bill be deleted and that section 32A in the old act be substituted therefor.

Mr. ABBOTT: We are repeating what took place in the committee on banking and commerce. I must congratulate the hon. member for Stanstead. He is in his best oratorical form this afternoon and has just made a most impressive presentation of the evils of this section.

Mr. JACKMAN: It deserves it.

Mr. ABBOTT: Those of us who were in the house in 1943, however, will recall equally clearly the speech made by the then minister of finance, in which he pointed out the evils of tax evasion, and the advantage which was being taken of loopholes in the law which it had been impossible to foresee, and which necessitated the introduction of this section.

I shall not attempt to repeat the arguments put forward at that time or those which I offered the other day in the committee on banking and commerce. But I wish to say

this, that the resourcefulness of those who wish to avoid or to reduce their taxation liability is practically unlimited. One tries as best one can to keep plugging up the loopholes in the income tax legislation; but it is not quite possible to keep up with the resourcefulness of individuals such as I have described.

I have agreed to the insertion of the word "improper", which is the only change from the existing section 32A. In effect the section as it now appears in the bill—

Mr. HACKETT: Plus the limitation of the word "improper".

Mr. ABBOTT: If my hon. friend wishes me to withdraw my amendment I shall withdraw it. The section would then be in exactly the same terms as section 32A. The amendment has been proposed because I wish to meet the views held by members of the committee that the section does authorize broad powers. But the purpose the section is intended to achieve is an important one. In these days when we are taxing the wages and salaries of people with small incomes I think we should have every necessary weapon to prevent avoidance or the reduction of taxation by the more well-to-do taxpayers. That is the reason for this section.

I am quite prepared to have my colleague propose the amendment I have suggested; but if the committee does not want that, we shall go back to the wording of section 32A.

Mr. HACKETT: I ask you to call it six o'clock, Mr. Chairman.

At six o'clock the committee took recess.

After Recess

The committee resumed at eight o'clock.

The CHAIRMAN: We are dealing with clause 126.

Mr. HACKETT: Mr. Chairman, when the house rose at six o'clock I was about to discuss this section a little more in detail. My hon. friend, the Minister of Finance, has found that I have injected a little enthusiasm into my utterances. I can tell him that there are some things which do arouse me. When I see what seems to me to be a challenge to law and to order and to the very basis of our system of government, the British system, a system evolved by the British, a system which we helped to develop; when I see what I consider not only a challenge but a violation of the supremacy of law, I do become disturbed.

My hon. friend has suggested an amendment to the income tax bill which will subject the taxpayer to the direst penalties, although he may not have broken the law. To achieve that purpose, the minister has worded the law in such a way that any person who seeks a reduction in the tax—

Mr. ABBOTT: An improper reduction.

Mr. HACKETT: My hon. friend says, "an improper reduction". Let it be said that he has inserted a clause defining "improper" in a way that makes it clear that "improper" does not mean "illegal". "Impropriety" as used in the amendment does not mean "illegality", whatever else it may mean. The result is that we have a law which, although not broken, may subject a person who has acted within it to a fine and to the payment of taxes that are not exigible under the law.

That is a matter which arouses a great deal of trepidation in anyone who is attached to and appreciates the real significance of what we have been pleased to call the rule of law. This section is a direct attack upon the rule of law; it is a violation of it. It says that if an individual, in the view of the treasury board, has sought a reduction of taxes—

And hon. MEMBER: An avoidance.

Mr. HACKETT: No, not avoidance only; a person who seeks avoidance or a person who does not seek avoidance but who seeks a reduction improperly is liable to the sanctions of the section. But "improperly" does not mean "illegally". So it means that a person who seeks a reduction legally may be prosecuted.

This means that we are reverting to the Star Chamber method. It means that the taxpayer of this country who happens to be out of favour with the authorities who man the treasury board may be made a criminal without breaking the law, may be punished and fined a large amount although not without the law. I say to this committee that this is a most serious departure from everything that we have believed existed in this country, of everything about which we have boasted in this country.

We all sit here very quietly. Most of us are anxious to get away. We have been here since last December. We are weary; we are anxious; we are overburdened; but here we are, most of us unaware of the, I was going to say, irretrievable step that we are taking. Most of us appear to be completely apathetic. Do we realize that we are putting back into the hands of an element entirely beyond the control of parliament, rights, privileges and prerogatives which were wrested from uncontrolled authority centuries ago?

Liberty is something that cannot be toyed with. We have not had it very long in this

country, and we have seen it seriously violated in the last few years, so much so that a great deal of the time of this house, the time of this committee and the time of the united nations has been spent in discussing human rights and elemental freedoms. Yet, without apparent interest and with complete apathy, this house is writing into our taxing law an iniquitous invasion of private rights and of human freedoms.

Mr. ABBOTT: This section has been in the law since 1943, and the proposed amendment I would think makes the section less objectionable from my hon. friend's point of view.

Mr. HACKETT: My hon. friend was very patient with me. I wish he would not say that this section has been in the law since 1943, because that is a complete inaccuracy.

Mr. ABBOTT: All right. The section which is proposed in this bill is somewhat less objectionable, I would think, from my hon. friend's point of view than the section which has been in the law since 1943. The section which has been in the law since 1943, section 32A, provides:

> Where the treasury board is of the opinion that the main purpose for which any transaction or transactions was or were effected . . . was the avoidance or reduction of liability to tax, it may, if it thinks fit, direct that such adjustment . . .

The proposed section in the bill is:

> Where the treasury board has decided that one of the main purposes for a transaction or transactions effected before or after the coming into force of this act was . . .

And I am suggesting "improper avoidance of a tax." That has been in the law since 1943 in a form which I think is somewhat more rigorous than the form I am suggesting here. It was put into the law because of a fact which we discovered. There were these elaborate schemes for tax avoidance which were difficult, if not impossible, to spell out in the law itself. I think there have been only three or four cases in which this section has been availed of, but I remember one case very well where, by a combination of three or four companies set up in Nassau and Panama, and one or two other places, a Canadian resident was able to avoid legally the payment of some $2 million tax. This section was availed of to bring that taxpayer before the treasury board to show cause why he should not pay these taxes. It was not taken any further; the taxes were paid. It was legal; but on any basis of justice, fairness, or whatever adjective one wants to use, that Canadian resident should not have been able to avoid payment of that $2 million of taxes.

I have asserted this before; I assert it again, and my predecessor has done the same thing, that no person, by using the loopholes which the law may offer, should be able to avoid the payment of his just share of the responsibilities for carrying the burden and the costs of carrying on the business of the country.

One may say, if it is legal, if it complies with the formal requirements of the law, then he should be able to do so. Well, perhaps so; but in the light of experience, it was found that a section of this kind was essential if practices of the kind which I have indicated were to be prevented.

There is an appeal from the findings of the treasury board in this matter to the Exchequer Court of Canada. The exchequer court can hear any evidence it sees fit to hear, can review the findings of treasury board and can come to the conclusion that one of the main purposes of the transactions involved was not the avoidance or reduction of taxation. So far as I am personally concerned, I think it is a section which should stay in the law, and I am proposing it for that reason.

As I have said, a corresponding section, one perhaps somewhat less rigorous from the lawyer's point of view, has been in the law for five years. I will ask one of my colleagues to move the amendment which I have suggested, and I say, Mr. Chairman, that is as far as I am prepared to go in connection with the section.

Mr. MACDONNELL (Muskoka-Ontario): I should like to add a word or two on this subject. The minister has made a clever speech—

Mr. ABBOTT: An honest speech.

Mr. MACDONNELL (Muskoka-Ontario): —putting forward a view of this principle which it is awfully easy to accept. I believe that I dislike as much as anybody people who resort to clever devices within the law to escape income tax. I believe that we should have the best and ablest people in the service of the government to defeat these things. On the other hand, to say that, it seems to me, is a whole world different from saying you are going to give to certain people a power above the law. That seems to me to lead us into a situation to which there is no end. I said the other night in committee, and I repeat, that if we could be sure that we would have a man like the Minister of Finance always administering a law such as this I would have very little fear of it. But many people in Canada know, as I know, that there has been in this country a government inspired by vindictiveness almost beyond belief in taxing,

so that decent people went in fear of, one might say their lives, because an extreme law was used in a vindictive way.

There is no exaggeration in what the hon. member for Stanstead has said, that once people are given power above the law, one does not know where it stops. The case which the minister gave, of course one hates; but we are setting one case of that kind against the unlimited number of other cases which might be affected in the circumstances in which it has been set up.

Let us look at another thing. The minister says that this was set up in 1943. He says it has been used four times since then.

Mr. ABBOTT: Do not hold me to the number. I know of four cases.

Mr. MACDONNELL (Muskoka-Ontario): That is what the official said the other night. I remember that, because I was so struck with it that this had happened so seldom. Incidentally, I think that is a great tribute to the honesty of the taxpayer.

Mr. ABBOTT: Or the effectiveness of the section.

Mr. MACDONNELL (Muskoka-Ontario): Let us go back to what we are actually doing. It has been said much better than I can say it by a learned judge administering the law that you cannot begin to say what is the spirit of the law. You are either within the law, or you are without the law. Once you leave that, it seems to me that you are exactly out on the uncharted sea which the hon. member for Stanstead has told us about.

Before I take my seat I want to say just one thing. To me, as to the hon. member for Stanstead, it is disturbing to a degree, first of all to find the minister, for whom we all have great respect, taking this so lightly; to have other people in the house whose hearts I respect though not always their heads, taking the view that, just because you will occasionally have a sharp and, to my mind, an unworthy kind of man, who tries to sail close to the wind, and who will get an advantage in spite of all the able officials that we shall have, get an advantage which will be very shortlived because the law will be very quick in overtaking him, for that reason we are to maintain this section which was put in as a war measure; and we are to go on doing this in the name of fairness. We are to do this thing which takes us back to the powers the hon. member has referred to, and which I think were summarized in the old days by saying that the law depended on the length of the chancellor's foot. In other words, the law was not known; it was made by the feelings of the man who administered it. When you have good men doing that it is bad enough; but when you have bad men doing it, as you may have one day, then there is no limit to the evil.

Mr. FULTON: As the hon. member who has the honour of seconding the amendment moved by the hon. member for Stanstead, I wish to say a few words on this section. First, it seems to me, from what the minister has said just now and before the dinner recess, that his position with respect to this section, and to the amendment which he has moved, is based on the principle that legislation should be drafted on the basis that there are a few fraudulent people in the country who will take advantage of every loophole. That is a proposition of fact, the belief in the existence of those few fraudulent people, which may or may not be true. But my first quarrel with the principle and with the practical application of this section is that that is a false proposition on which to base legislation, because I think our law should not be made for people such as that. Our law must be made to benefit the honest majority.

Mr. ABBOTT: This section does not affect the honest majority.

Mr. FULTON: This section does affect the honest majority in spite of what the minister says, because it is applied to the honest majority just as much as it is applied to the fraudulent few, if there be those fraudulent few who seek to take advantage of the law. That is an inherent weakness in much of the law we find in the country today, and I believe, as strongly as I can believe anything, that our income tax law especially, which applies to every person in the land, must be so designed as to meet the case of the average taxpayer who dislikes paying taxes. That is a healthy sign, for it would be unfortunate for the country if we reached the point where people liked paying taxes.

Mr. ABBOTT: That is a long way off.

Mr. FULTON: Our law must be designed to meet the case of the average taxpayer, who is not fraudulent, and must not be so designed, on a general basis, that in order to catch the occasional few we put ourselves in the position of doing injustice to the honest majority. But that is the position in which this section puts us because, as the hon. member for Stanstead pointed out, it places the treasury board and the enforcing officials beyond the ordinary law. It puts them in the position of making the law, and it is not this House of Commons that makes the law.

The house makes the law and the treasury board says, it does not matter what the law is; it does not matter whether you have followed the law, whether you have done even those things which the minister himself, in the banking and commerce committee, said were perfectly legal; because you have done them, we say you have done them for an improper purpose and we hold you liable.

Because I believe that is a false principle on which to proceed; because I am of the opinion that if there be loopholes that can be taken advantage of it is better to go on plugging the loophole until eventually we arrive at something that is as near perfection as we can achieve, instead of leaving the loopholes wide open and leaving it to the discretion of the treasury board to plug those loopholes as it sees fit—because I so believe, I have pleasure in seconding the amendment and shall vote for it when it is put to the vote.

Mr. JAENICKE: I cannot agree with what has been said by the hon. member for Stanstead and the hon. member for Kamloops. In fact I suggest to the minister that he drop the amendment and leave the language as it is, because in my opinion "improper avoidance" implies proper avoidance, and I cannot imagine that there could be a proper avoidance brought about by some taxpayer purposely scheming to avoid taxation. And that is all this section means. I think it is proper and necessary. What about the millions of other taxpayers who make their returns properly and without scheming to avoid or even cause a reduction in their taxation?

Mr. FULTON: They are as much subject to this as anyone else.

Mr. JAENICKE: I agree with the minister that no honest taxpayer need fear the section. I think we should pass the bill as it is.

The CHAIRMAN: The committee is considering section 126, and I have an amendment that the clause be amended by substituting certain words. The hon. member for Stanstead has also moved an amendment, and in order to keep the procedure straight—

Mr. HACKETT: An amendment to the amendment.

Mr. TIMMINS: Perhaps you would read the amendment, Mr. Chairman.

Mr. HACKETT: If you will permit me, Mr. Chairman, my amendment is there. The minister said he was going to get one of his colleagues to move his amendment, but it has not yet been moved.

Mr. ABBOTT: That is correct. I had assumed that when I had completed my explanatory remarks the amendment would be moved, and technically my hon. friend is quite correct. My amendment has not been moved, and in the circumstances I will not move it for the time being.

The CHAIRMAN: When the minister spoke this afternoon he said that one of his colleagues would move the amendment, and I wrote Mr. Fournier's name at the top of it. However, the minister says the amendment has not been formally moved. I understand that there is an amendment moved by the hon. member for Stanstead to the effect that clause 126 be deleted and that section 132A of the former act—

Mr. HACKETT: It is 32A (1).

The CHAIRMAN: —be inserted in its place. All those in favour of the amendment will please say "yea."

Mr. CASTLEDEN: In regard to this amendment, it seems to me that one appeal this evening was made on the ground that this was contrary to some of the principles of British law. As a layman, I would say that one of the basic principles of British law, as I understand it from my study of history and of government, is that it shall give justice to all and that it will prevent, if possible, the avoidance of what is intended by the law. Section 126 as it stands is a measure on the part of the government to prevent evasion and to give justice. If there is any weakness, my hon. friends to the right seem to think it is by reason of the fact that the treasury board is given certain powers to direct. Under section 5 of this bill, the exchequer court is available to everyone. That being so, I do not see what basis there is for the charge that this is Star Chamber legislation.

The CHAIRMAN: Shall the amendment carry?

Some hon. MEMBERS: Carried.

Some hon. MEMBERS: No.

The CHAIRMAN: In my opinion the nays have it.

Mr. CASSELMAN: On division.

Amendment (Mr. Hackett) negatived on division.

Mr. ABBOTT: I indicated that I would ask to have an amendment moved, and no doubt the Minister of Public Works will be glad to move the amendment you have in your hand, Mr. Chairman.

The CHAIRMAN: It is moved by Mr. Fournier (Hull) that clause 126 be amended:

1. By substituting the expression "improper avoidance or reduction of taxes" for the expression "avoidance or reduction of taxes" in the fourth line of subsection 1 thereof.

2. By substituting the expression "improper avoidance or reduction of taxes" for the expression "the avoidance or reduction of tax" in the third line of paragraph (b) of subsection 5 thereof.

3. By adding the following subsection thereto:

(6) An avoidance or reduction of tax may be regarded as improper for the purpose of this section although it is not illegal.

Shall the amendment carry?

Mr. FULTON: On division.

Amendment agreed to on division.

Section as amended agreed to.

Sections 127 to 130 inclusive agreed to.

On section 131—Application of this act.

The CHAIRMAN: I may point out that section 131 was amended by the committee by adding in the last line after the word "are" and before the word "applicable" the words "unless otherwise specifically provided".

Amendment agreed to.

Section as amended agreed to.

The CHAIRMAN: Section 50.

On section 50—General.

Mr. FULTON: I appreciate very much the generosity of the committee in allowing this clause to stand this afternoon while I had to be in another committee meeting. I shall try to keep my remarks within short compass. The effect of section 50 is to increase the rate of interest for the penalty for late payment of taxes from four to six per cent in one case and from six to seven per cent in the other.

Mr. ABBOTT: In committee it was amended to seven per cent. That remains unchanged.

Mr. FULTON: It was six to eight per cent. It was amended in the banking and commerce committee and it is six to seven per cent.

Mr. ABBOTT: Yes. I agreed to that amendment.

Mr. FULTON: We have this position, then. If a taxpayer completes his assessment, sends it in with a cheque in full for the amount of the tax which he has assessed, some months later the department, having reviewed his assessment, may send him out a notice of the revised assessment and notify him that he has underpaid the tax as the department has assessed it; and then he is liable to pay interest at six per cent for the period in which the tax has been underpaid.

Mr. ABBOTT: With a limit of twenty months.

Mr. FULTON: With a limit of twenty months maximum interest penalty. The maximum of twenty months applies to the time the department has been in arrears. If his assessment is not received for more than twenty months—

Mr. ABBOTT: After twenty months interest ceases to run.

Mr. FULTON: —interest ceases to run after that time. But the point is that even though it may be the fault of the department, owing to its inability to make the revised assessment in time, the taxpayer still has to pay interest. The interest is raised now to six per cent, whereas before it was four per cent. I should point out that this amendment has not been in the law right along, but is the result of a budget resolution introduced this year and an amendment to the income tax act passed this year.

Mr. ABBOTT: It was there for years until two years ago.

Mr. FULTON: If the minister will allow me to complete my statement I will cover the point he has in mind. As a result of the budget resolution and the amendment to the income tax act passed this year, the rate was raised from four to six per cent in one case and from six to eight per cent in the other, the eight per cent rate having been reduced to seven per cent in the banking and commerce committee. When this resolution was discussed in the house, the hon. member for St. John-Albert, seconded by myself, introduced an amendment to reduce the interest penalty to the old rate, namely, four and six per cent respectively.

Mr. ABBOTT: It was four per cent and seven per cent. I know my hon. friend wants to be accurate. It was never lower than seven per cent for arrears after notice of assessment.

Mr. FULTON: The amendment to which I refer was ruled out of order at the time it was introduced in the debate on the budget resolution, on the ground that it would upset the balance of ways and means. I propose to move the same amendment at this time, on the following grounds.

First, the extra penalty involved in this increase in the interest rate affects the taxpayer even though he is not himself at fault,

even though he has made an honest assessment and paid his assessment in full, and even though the fault is that of the department in its inability—and I use that word advisedly—to get out the revised assessment in time. That is the first ground, that even if the taxpayer is not at fault, he will now pay interest at six per cent as a penalty.

In the second place, I do so on the ground that the minister himself has said, as reported at page 4067 of *Hansard*, that the interest charge of six per cent is frankly in the nature of a penalty. In other words, there is nothing here designed to increase the amount of taxes collected. The interest rate of six per cent is frankly in the nature of a penalty. Because we think, as we thought at the time when we first introduced the amendment, the taxpayer should not be penalized for the default of the department, I suggest that the interest rate should be reduced to the old rate of four per cent.

With respect to the possibility of this upsetting the balance of ways and means, Mr. Chairman, I think we can confidently say that, in introducing this amendment at this time in this manner, we are not liable to be criticized on that ground, because the bill now before the committee is a codification of income tax procedure. The bill will not become operative until January 1, 1949, and therefore it will not upset the balance of ways and means.

Mr. ABBOTT: It will affect this fiscal year, which does not end until the end of March.

Mr. FULTON: Therefore it cannot possibly affect the balance of ways and means for this year because, may I point out, taxes are collected on the basis of the income of the calendar year.

Mr. ABBOTT: An instalment is due on March 31.

Mr. FULTON: It is based on the income of people to the end of the calendar year. So this change could not possibly upset the balance of ways and means. In that connection I would point out that, in the minister's own words, it is merely a penalty. He cannot be said, surely, to have predicated his balance of ways and means on the slim chance of collecting a two per cent extra penalty. It is not a tax provision; it is only a penalty provision. So I think the amendment is in order at this time on those grounds, and is well justified on the basis that taxpayers should not be penalized, because the department itself may have occasioned the delay in making the revised assessment. I therefore move, seconded by the hon. member for St. John-Albert:

That section 50, subsection 1, be further amended by changing the figures "6 per cent" and "7 per cent" where they occur in lines eighteen and twenty-three thereof to read "4 per cent" and "6 per cent" respectively.

I might point out that I am using the figure "7 per cent" there because the minister indicated that was the correct one.

Mr. ABBOTT: This is the same amendment, of course, which was ruled out of order when this bill was before the house; and I do not intend to repeat the arguments which I made then as to why it is out of order. I frankly find it difficult to see why people are so much exercised about the difference between four per cent and six per cent interest to people who do not pay their taxes in full. It was six per cent for many years until a couple of years ago.

Mr. FULTON: It never should have been.

Mr. ABBOTT: Perhaps. But after having reduced that rate to four per cent, we found that advantage was being taken of it by a good many people in this country who felt that this was a nice, cheap way of getting an unsecured loan from the government at four per cent per annum. Not only do they do that by filing their tax returns, showing a certain amount of tax payable and then not paying the full amount of tax, knowing the assessment department will not be able to assess the return for a year or two; but a great many people, who are not quite so scrupulous as the ones to whom I have just referred, will charge in a great many expenses which they know or have reason to believe will probably be disallowed when the department gets around to assessing the return. But of course that will be eighteen months or a couple of years from now, and in the meantime they will have had the use of the money at four per cent. This provision is put in to prevent abuses of that kind; and, so far as I am concerned, I shall insist that it stay in the law.

Mr. FULTON: I can tell the minister why some people are exercised because of this sort of thing. It is because they have seen an injustice done to perfectly honest taxpayers who have made what they regarded as an honest assessment. Their revised assessment has not been received for two or three years after they turned it in; and they were then charged interest when, through no fault of their own, they are in arrears on the payment of their taxes. That is why people get exercised, because they see perfectly honest taxpayers subjected to an interest penalty because

the department itself is in arrears in making the revised assessment.

Mr. ABBOTT: Let them make their tax returns out correctly.

Mr. FULTON: As was pointed out by the minister in the argument he put forward, if there are people who assess themselves at one sum, and then send in a cheque for a smaller sum, thus taking advantage of the situation which he outlined, there can be no objection to charging them the full interest rate. But in the case of the great average mass of taxpayers—probably 1,999,000 out of 2,000,000 taxpayers—who make their assessments honestly and who pay in full, I suggest that it is unfair to penalize them because there may be some who take advantage of a loophole in the tax law. I am not so concerned about the wealthy man—

Some hon. MEMBERS: Oh, oh.

Mr. FULTON: —who takes advantage of the law and who may be penalized or may be charged the full interest rate. Let the minister bring in an amendment to deal with him. But I am concerned about the man who tries to be honest, and who is simply set against government in all forms because he finds himself unjustly treated by the department against which he has no recourse. Hon. members across the way may say, "Oh, oh", if they like. Of course one cannot go fully into the motives which cause one to move amendments or to make suggestions, but I say that is what I have in mind in moving this amendment. I do not think it is a matter to be shrugged off; nor is it a matter, I suppose, about which one should get heated, especially when one finds in one's own experience, as I am sure all hon. members have found—because no hon. member is unique in this or any other respect—that honest taxpayers are penalized through no fault of their own. So I think we should try to draw up such amendments as will prevent these hardships being inflicted upon them.

Mr. HACKETT: There is one aspect of this situation I should like to draw to the attention of the minister. When six per cent was the rate previously it was the normal rate, which applied almost universally. Today the interest rate is much lower. One can borrow for three and three and a half per cent—

Mr. ABBOTT: Not on unsecured loans.

Mr. HACKETT: —and four per cent, with reasonable security.

Mr. ABBOTT: Not on unsecured loans.

[Mr. Fulton.]

Mr. HACKETT: I hope the taxpayer is not considered as other than good security. After all, the taxpayer is the security of Canada, and it is that aspect of the situation I am asking the minister to consider. Really the rates of six and seven per cent today are equivalent to ten and twelve per cent at the time these penalties were originally imposed. They become penalties, in fact.

Mr. ABBOTT: Anyone can avoid the payment of these rates by preparing a proper income tax return and paying the amount of the tax due. I am just as solicitous as anyone else for the average taxpayer; but the taxpayer I am particularly solicitous about is the one who honestly makes up his return, accurately computes his tax, and pays it when due; and that taxpayer does not pay any interest.

Mr. HACKETT: Then why does not the minister provide a category for these nefarious people, who apparently must be numerous, or he would not be passing legislation to fit them? Why does he not prepare a class which will include them? Why should the ninety-nine innocent people suffer because of the one who is not as careful as he might be in paying his tax?

Mr. ABBOTT: My hon. friend is a very good lawyer, but if he could draw up a clause—

Mr. HACKETT: I am willing to help.

Mr. ABBOTT: —which would accurately describe a taxpayer who claims an expense which is subsequently disallowed, and prove that this claim was made intentionally, he is better than I think he is.

Mr. HACKETT: But that is the basis of the hon. gentleman's argument, that there are people who are doing this intentionally, in order that they may benefit improperly and dishonestly through it. I say, let us deal with them; but why treat the ordinary individual who makes up his return, sends in what he believes he owes and then wakes up perhaps twenty months later—it cannot be longer than that, because the interest does not run beyond that period—to find that he owes the government a substantial sum? I suggest to the minister that good business warrants some segregation, some selection between those who pay readily and willingly all they believe they owe, and those who fall into the category the minister has described.

Mr. MacINNIS: As far I know, Mr. Chairman, you did not rule on the point of order. Before you do so I should like to say I do not

think the minister's point is well taken. If this is a deterrent; if fewer people will pay the interest, you are likely to collect more taxes with the six per cent and four per cent than with the six per cent and eight per cent. So I do not think the minister has made a case at all. If this is to be a deterrent to people underpaying their taxes I think he is away out, so I believe you might very well rule the amendment in order.

I think the hon. member for Kamloops and the hon. member for Stanstead have made a fairly good case here. The principle the minister is adopting is that he is going to punish a man who has done something without premeditation, if that is the word, or without intent, in the same way that he is going to punish a man who did the same thing with intent. Surely that is a bad principle. While there is nothing I hate more than a chiseler I do not think you should punish the person who has made a mistake in the same way as you punish the person who has defrauded with intent. That is exactly what is being done in this case.

While I am speaking on this subject, though it may not have anything to do with the particular section, I believe the income tax branch is extremely negligent in returning moneys that have been overpaid. I do not want to raise a personal question, but I made an overpayment on my 1942 tax, and I did not get it back until 1948, after considerable correspondence. I received no interest.

Mr. ABBOTT: You will from now on.

Mr. MacINNIS: As far as the department was concerned, very likely I would never have got it back. I do not know how they keep their records, but I do say that in this instance you are penalizing the person who inadvertently underpays his income tax in the same way as you are penalizing a person who has done so with intent.

Mr. GILLIS: I have to agree with my leader in this instance. When this clause was discussed in the house before the bill went to committee I pointed out to the minister that there were instances of hardship in the application of interest, where taxes were wrongly computed. The person who suffers most under this section is, in my opinion, the industrial worker, ninety per cent of whose tax is supposed to be collected at the source. He keeps no record himself; but, through broken time and time lost through sickness, the records of the company are at fault in many cases. At the end of April, when he comes to file his return, he is not really in a position to figure his tax. So he makes a guess at it, an honest guess. That return may lie in the income tax office for fifteen months, and at the end of that time he may get a bill for $75, $100 or $200 which he had no idea he owed; not a large amount, mind you, for the class of people my hon. friends to the right are thinking about—

Mr. FRASER: That is very unfair.

Mr. GILLIS: —but a lot of money for the fellow who is making only $1,200 or $1,500 a year and paying his tax. It is absolutely unfair to collect interest in a case of that kind, and I believe the collection of this interest might very well be dropped. Very reluctantly I agree with hon. gentlemen to the right on that. I believe section 126, which we just passed—and I hope the minister has not weakened it by accepting the amendment—is a kitchen-sink clause which might very well take care of the category some of my hon. friends are trying to protect.

Mr. MACDONNELL (Muskoka-Ontario): Why assume that? I think you had better take that back.

Mr. MacNICOL: Be a sport and take it back.

Mr. GILLIS: I never take anything back, and I do not say anything I do not mean.

The CHAIRMAN: Order.

Mr. GILLIS: My hon. friend is a good lawyer. Any time he is retained either to defend or to prosecute, the first thing he gropes for is a motive. I am suggesting, Mr. Chairman, that in prosecuting this particular section the motive is profit. I think my assumption is fairly reasonable.

Mr. FRASER: Your assumption is only a C.C.F. assumption, and it is not worth anything.

Mr. GILLIS: That is scarcely the view taken by people who elected members to the House of Commons and the legislature. Some people do not agree with you.

Mr. FRASER: If you use that kind of method to get them in, I do not doubt you can get them in under false pretenses.

Mr. GILLIS: It is not false pretenses. People are smartening up; they are getting wise to you.

I have pointed out that the case of a serviceman who had enlisted in 1942 with an income which placed him in the income tax brackets. He went overseas and returned in 1945. He was billed interest for the years he was actually overseas in the services. The income tax officials had no alternative, from

a legal standpoint, to collecting. But one can imagine the state of mind a man would be in when he was constantly being dunned for interest on the unpaid portion of his 1942 tax.

The rate of interest should be dropped. I know, as the minister has said, that all the details cannot be written into legislation. I hope that when the regulations are being prepared some provision will be made whereby the departmental officials will have the necessary latitude to make adjustments where there are extenuating circumstances such as I have outlined.

Mr. ABBOTT: I suggest that the amendment is out of order.

The CHAIRMAN: This question was raised when the budget resolutions were before the committee, and at that time the motion to reduce was ruled out of order. While the minister has said there is a penalty here, there is no reference to a penalty in the section. It seems to me that if a person does not pay his tax by a certain date or in a certain time, then he has to pay an amount which is increased by the amount of interest.

Section 50 refers to taxes which will be received. The amendment is to reduce the tax. Therefore it would reduce the revenue and would be a burden upon the treasury. It is not competent for a member to make such a motion, and I therefore rule it out of order.

Mr. FULTON: Mr. Chairman, I am not allowed to debate your ruling, but, with respect, I must say that I cannot accept this as being comparable with a budget resolution, or that it would upset the balance of ways and means. I would ask you, sir, to reconsider your ruling. If not, I must respectfully appeal against it.

Mr. CASSELMAN: The hon. member has appealed the ruling.

The CHAIRMAN: I understand that, yes.

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

I have ruled that the motion to change the figures six per cent and seven per cent as an addition to a tax where the taxpayer's income is less than the amount payable should be reduced to four per cent and six per cent, is out of order as it is creating a burden on the treasury.

The hon. member for Kamloops (Mr. Fulton) has appealed.

[Mr. Gillis.]

The house divided on the question: Shall the ruling of the chairman be confirmed? And the ruling was confirmed on the following division:

YEAS

Messrs:

Abbott
Arsenault
Baker
Beaudoin
Beaudry
Belzile
Benidickson
Bertrand (Laurier)
Bertrand (Prescott)
Blanchette
Boivin
Bourget
Bradette
Breithaupt
Brown
Chevrier
Coté (Verdun)
Cruickshank
Denis
Dickey
Dion (Lake St. John-Roberval)
Dionne (Beauce)
Eudes
Fontaine
Fournier (Hull)
Fournier (Maisonneuve-Rosemont)
Gauthier (Portneuf)
Gibson (Comox-Alberni)
Gibson (Hamilton West)
Gingues
Gladstone
Golding
Gour (Russell)
Gourd (Chapleau)
Grant
Harris (Grey-Bruce)
Healy
Howe
Ilsley
King, Mackenzie
Kirk
Lafontaine
Lalonde
Langlois
Lapointe
Laurendeau
Lesage
Little
McCann
McCubbin
McCulloch (Pictou)
McDonald (Parry Sound)
McGarry
McIlraith
McIvor
MacKinnon
MacLean
MacNaught
Marier
Marquis
Martin
Matthews (Brandon)
Maybank
Mayhew
Michaud
Mitchell
Mullins
Mutch
Nixon
Parent
Picard
Pinard
Power
Reid
Richard (Ottawa East)
Rinfret
Robinson (Simcoe East)
Ross (Hamilton East)
St. Laurent
Sinclair
Sinnott
Tremblay
Warren
Weir
Whitman
Winters—86.

NAYS

Messrs:

Archibald
Ashby
Aylesworth
Barrett
Black (Cumberland)
Blackmore
Blair
Bracken
Caouette
Case
Casselman
Castleden
Charlton
Cockeram
Coyle
Dorion
Fair
Ferguson
Fleming
Fraser
Fulton
Gillis
Graydon
Green
Hackett
Harkness
Harris (Danforth)
Hazen
Herridge
Hlynka
Irvine
Jackman

Jaenicke
Jones
Knight
Knowles
Kuhl
Lennard
Lockhart
McCuaig
Macdonnell (Muskoka-Ontario)
McGregor
MacInnis
McKay
McLure
McMaster
MacNicol
Matthews (Kootenay East)
Menary
Merritt
Miller
Moore
Pearkes
Quelch
Ross (St. Paul's)
Rowe
Skey
Smith (Calgary West)
Stewart (Winnipeg North)
Stokes
Thatcher
Timmins
Tustin
White (Hastings-Peterborough)
White (Middlesex East)
Williams
Wylie
Young—68.

Mr. CHURCH: I was paired with the hon. member for Temiscouata (Mr. Pouliot). Had I voted, I would have voted against the chairman's ruling.

Mr. ISNOR: I was paired with the hon. member for Colchester-Hants (Mr. Stanfield). Had I voted, I would have voted to sustain the ruling.

Mr. CLEAVER: I was paired with the hon. member for Bow River (Mr. Johnston). Had I voted, I would have voted to sustain the ruling.

Mr. EMMERSON: I was paired with the hon. member for Royal (Mr. Brooks). Had I voted, I would have voted to sustain the ruling.

Mr. GARIEPY: I was paired with the hon. member for Victoria-Carleton (Mr. Hatfield). Had I voted, I would have voted to sustain the ruling.

Mr. LAPALME: I was paired with the hon. member for Argenteuil (Mr. Heon). Had I voted, I would have voted to sustain the ruling.

(Translation):

Mr. BONNIER: Mr. Speaker, I was paired with the hon. member for Bruce (Mr. Robinson). Had I voted, I would have voted to sustain the chairman's ruling.

Mr. RAYMOND (Wright): Mr. Speaker, I was paired with the hon. member for Beauharnois-Laprairie (Mr. Raymond). Had I voted, I would have voted to sustain the chairman's ruling.

(Text):

And the house having resumed in committee.

The CHAIRMAN: Shall section 50 carry?

Section agreed to.

Bill reported.

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

Some hon. MEMBERS: Now.

Some hon. MEMBERS: Next sitting.

Mr. ABBOTT: Of course it requires unanimous consent to have the bill read the third time at this sitting, but I would ask the house whether it would consider doing that. The bill will be going to the other place, and I presume it will receive some consideration there. I put that before the house. If it does not wish to give the bill third reading I will not press it.

Mr. SPEAKER: Next sitting.

PARLIAMENTARY RESTAURANT

Mr. SPEAKER laid on the table of the house a report from the civil service commission relating to the permanent appointment of Mr. William Jennings as manager of the joint parliamentary restaurant.

SUPPLEMENTARY ESTIMATES, 1948-49

A message from His Excellency the Governor General transmitting supplementary estimates for the financial year ending March 31, 1949, was presented by Hon. Douglas Abbott (Minister of Finance), read by Mr. Speaker to the house, and referred to the committee of supply.

SUPPLY

DISTRIBUTION OF NAILS

Hon. DOUGLAS ABBOTT (Minister of Finance) moved that the house go into committee of supply.

Mr. H. W. TIMMINS (Parkdale): Mr. Speaker, may I bring to the attention of the house a matter which I consider of major national importance? I hold in my hand an invoice in respect of a keg of four-inch nails bought in the city of Toronto at the price of $16.75.

Some hon. MEMBERS: Oh, oh.

Mr. TIMMINS: This may be a matter of laughter to some members, but I think the Minister of Reconstruction and Supply will thank me for bringing it to his attention and he will probably act on the information which I intend to submit to the house. Actually a keg of four-inch nails costs $5.85 if it could be bought, but this particular keg cost $16.75, which represents an increase of about 300 per cent. Not only have I the invoice, but I have here the keg of nails.

The minister has told us on previous occasions that sometimes these nails come across the border from the United States and that he has no control over the price that may be

obtained for American nails. That is so, but this keg of nails, which is in the lobby and can be produced, bears the stamp of the Dominion Steel and Coal Corporation, Sydney, Nova Scotia, and Montreal. Evidently, therefore, this keg of nails was produced in Canada and was on the market to be sold in the ordinary course of events.

On May 10 last at page 3774 of *Hansard* I asked a question of the minister of reconstruction regarding this matter. On that occasion I said:

> Builders in Toronto are in a desperate position in regard to nails. Representations have been made to the minister's department to see what can be done to cut through whatever obstacles are holding up production. Apparently at the present time the wire is not available, and I understand that the minister has control of the disposition of wire materials to various firms.

I will not read the rest of it. The minister at the time replied, quite properly:

> I have asked our people to give all the preference they dare to give to nails, and we are going to take a bite out of wire products. There will be complaints about that, but you cannot distribute more than there is in toto. We are in process of diverting wire from other uses into nails. We are not going to make any barbed wire for a few months. I hope hon. members who have been worrying about nails will not start worrying about other products, because that is the only way to get more nails.

In fairness to the minister, it must be said that he did follow the matter up, and on June 1 the steel controller issued a directive or order of his department under that date. Without going into any details, I may say he did direct the steel producers to increase production on nails, and as a matter of fact a great many more nails have been produced. The minister will agree with me that those nails were for house builders. That was why he urged the increased production of nails. The fact is, however, that the nails are not going to home builders, and it is my purpose to try to satisfy the house and the minister that something must be done about the matter.

I was in touch with the steel controller, and he told me frankly that the bottleneck in respect of getting nails to home builders was that down to the level of the wholesaler distribution was fair and equitable, but when it got away from the wholesaler there was trouble and he was trying to do what he could to find ways and means of setting a pattern for getting nails into the hands of the builders themselves.

What brought this whole thing about was an advertisement which appeared in a paper in Portage la Prairie about two or three weeks ago. There was an advertisement of 10,000 kegs of steel nails which were available, all sizes. The advertisement read:

> Nails—steel—10,000 kegs available of all sizes. Write for price list. Sherman's box 1005, postal station "C", Toronto, Can.

After having received that particular clipping, I had an investigation made by some members of the National House Builders' Association of Toronto. The result was that they purchased this keg of nails for $16.75. But not only did we find that advertisement in the Toronto paper; we found these others. Here is one:

> Nails! Nails! Nails!
>
> Nails, common, steel, 2½ inch, 3 inch, 4 inch, $14.50 per keg. 3534 Dundas St. W., MU. 4815, open daily 8 to 8.

That was followed by another advertisement:

> Nails
>
> $16.75 per keg, common steel 1¾ inch, 2 inch, 2½ inch, 3 inch, 4 inch and 6 inch. Finishing nails slightly higher. LA. 2823, 1275 Queen St. W.

That, Mr. Speaker, is right in my own district of Parkdale. Nails are being sold at $16.75 a keg. That was followed by another advertisement:

> Nails, steel, common, finishing, 624 Bloor St. W. LL. 3200.

That is also in the city of Toronto. As a matter of fact, this leakage with respect to the distribution of nails to home builders is not just an isolated case. Here was another advertisement which mentions 10,000 kegs of nails.

A friend of mine who was making the investigation said he saw in the garage where he bought his nails, 100 or 200 kegs of nails which were available for sale. There is certainly a hole in the administration with respect to the distribution of these nails. It is quite apparent that among our citizens there is a good deal of chiseling going on. There are a great many small-town chiselers who are running up the cost of building in this country.

An hon. MEMBER: Big town.

Mr. TIMMINS: All right; big town, if you like. There are a great many small chiseling people who are doing these things. I am saying to the minister that something ought to be done and ought to be done right away. I am quite prepared to hand these advertisements to the minister. He ought to have an investigation made tomorrow because, just as soon as this gets in the press, these people will be closing up shop. But the nails are there in Toronto, and if these people are guilty of chiseling on the people who want to build homes, then we should act at once. As

I understand it, in the wartime prices and trade board order there is a section which says that if you sell above what is fair and reasonable, you are committing a crime. Certainly 300 per cent is not fair and reasonable. We all know that. I am bringing this to the attention of the minister. I am not criticizing him and I am not criticizing his department. I know the steel controller has been trying to find some machinery by means of which to have these nails distributed properly. But some place along the line the system has broken down. Some place along the line there are those who are taking advantage of the Canadian people, and I ask the minister to give the matter immediate attention.

Right Hon. C. D. HOWE (Minister of Trade and Commerce): I can say to my hon. friend, Mr. Speaker, and I think he agrees, that no other feature of steel control has received the attention that the distribution of nails has received. I am certain that Canadian manufacturers are selling at fair and reasonable prices. I believe they are selling to reliable distributors, and I think to that extent we have found no flaw in the system. From the distributors down, some nails perhaps get into the wrong hands, although I think the distributors are most conscientious in attempting to distribute the nails to reliable or bona fide users.

I have said before that nails are brought in from the United States and sold here. In the United States nails cost nearly twice as much as they do in Canada, which is a tribute to the fact that we have kept our steel production in order from a price viewpoint. These nails are brought in and distributed at a profit. I said that I saw no particular harm in that. If anyone is so desperate or so pressed for nails that, rather than wait for nails at the Canadian price of about $5.80 a keg, he must pay $16.50; and if they are not Canadians nails; if they are nails in addition to the Canadian product—

Mr. TIMMINS: If the house would like me to bring in the keg, I will do so; and it does not say they are United States nails.

Mr. HOWE: No. The hon. member undoubtedly has a keg of nails that was manufactured in Canada, handed down through our distribution system, diverted into the wrong hands and is being resold at an exorbitant profit. If we could learn the history of that transaction we would, of course, prosecute. But I think the remarkable thing is that, of all the nails distributed, it is one keg that we are talking about.

Mr. TIMMINS: If the minister will pardon me for interrupting, this firm that sold these nails advertised that they had 10,000 kegs of them.

Mr. HOWE: We will make an investigation; and if there are 10,000 kegs of Canadian nails, I can assure my hon. friend a prosecution will be launched tomorrow.

The hon. member made one other statement that I think I should correct. He said the additional nails we are making out of wire that was formerly put into fencing wire and barbed wire are not going into housing. I can assure him definitely that those nails are going into housing, because they are being distributed to house builders through government agencies. Those nails definitely do go into housing. The former pattern has not been changed for the former production, but the government has commandeered excess production and is taking its own methods to make sure that it all goes into house building.

ARTICLE IN VANCOUVER "SUN"

Mr. NORMAN JAQUES (Wetaskiwin): I hold in my hand, Mr. Speaker, a cutting from the Vancouver *Sun* of June 21, it being a statement by Dillon O'Leary, dated Ottawa, June 21, and headed: "MacInnis calls Jaques liar, no reprimand". This is a misstatement and is a reflection on the chairman of the committee, on the hon. member for Vancouver East (Mr. MacInnis) and on myself. The hon. member for Vancouver East did say that a statement I made in the house, that the C.C.F. supported zionism, was a lie; but that is quite a different thing from calling me a liar.

I also hold in my hand a cutting from the *Canadian Jewish Chronicle* of May 21, 1948, headed "Israel rally at Montreal supports zionist policies and its armed forces. Messages of greetings and support were received from individuals and organizations including the provincial executive of the C.C.F. party". In the light of this evidence, will Mr. O'Leary correct his misstatement?

SHIPMENT OF CEDAR POLES TO THE UNITED STATES

Mr. H. W. HERRIDGE (Kootenay West): Before we go into supply, Mr. Speaker, I wish to bring to the attention of the minister a situation in my riding. As many hon. members know, in my riding are produced some of the finest cedar poles in the world. There is a large stand of cedar poles in the Columbia river basin. In taking out these poles, many hundreds of small operators find their living. This year, owing to late snow in the mountains

and an extremely late spring, poor roads and finally the floods, the operations of many of these operators have been seriously delayed and curtailed.

At the present time they are required to ship one carload of poles to the Canadian market for every two cars shipped to the United States market. That regulation works a hardship on the small operators, because they cannot carry a large stock of various sizes, and the Canadian market absorbs only a certain type of poles. I know what I am talking about, because I have sold poles myself. The United States market absorbs a wide range of these poles. As a result of these regulations and these conditions, large numbers of off-size poles have accumulated in the yards of the small operators. They cannot market these poles in Canada, but they could be marketed in the United States to great advantage. In addition, prices in the United States are somewhat higher than in Canada.

Therefore I bring this situation to the attention of the minister and urge that, under the circumstances I have outlined and in view of the short season, some consideration be given to allowing these pole operators to ship a larger quantity of poles to the United States than is permitted at the present time.

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

DEPARTMENT OF MINES AND RESOURCES

Lands and development services branch—
National parks services—

206. National parks and historic sites services, $7,372,878.

Mr. ROSS (St. Paul's): I have just one comment to make on this item—

Hon. J. A. MacKINNON (Minister of Mines and Resources): While the hon. member is considering his comment, with his permission this may be a good opportunity for me to answer some questions that were asked just before we rose last evening, shortly after eleven o'clock.

The hon. member for Brant asked whether the department, through its historic sites service, had made a grant to the Bell homestead at Brantford, to the Mohawk church, or the birthplace of Pauline Johnson. I am told that no grant has been made in any of these cases; but I understand that the members of the Indian band residing on the reserve on which Pauline Johnson was born have been contemplating from time to time the erection of some kind of memorial. The department is naturally interested in this proposal and welcomes the initiative being taken by the band.

[Mr. Herridge.]

The hon. member for Kamloops inquired as to the reason for the delay in tabling the annual report of the Department of Mines and Resources for the year ended March 31, 1947. This matter has been checked, and I find that final proof of the report was sent to the king's printer several weeks ago. Its production has been delayed by the heavy load of sessional publications with which the king's printer has had to contend. It is the hope of the department that the next annual report will be prepared at such an early date that there will be no doubt as to its being available to members of parliament while the house is still in session. I should add that the report of this department, containing as it does a summary of a great deal of scientific material, is necessarily a slow and difficult document to produce.

The hon. member for Danforth and the hon. member for Calgary West questioned me about the well which had run out of control in the Leduc sector of the Edmonton field. It was indicated by one hon. member that this well had been brought under control. Unfortunately, on checking this matter, I found that we had received airmail advice yesterday to the effect that the well is still pouring out from ten to fifteen thousand barrels a day. Steps have been taken to pump some six thousand barrels of this oil back into the ground in a safe area, but as yet the situation is by no means satisfactory. Production in the field, apart from this one well, is almost at a standstill.

The hon. member for York South asked for figures relating to the number of departmental employees this year as compared with a year ago in the mines, forests and scientific services branch, or in the legal survey division; I was not altogether clear as to which was desired. However I am able to give the hon. member the following information, which I trust will meet his wishes. The legal survey and map service at May 31, 1947, had a total personnel of 140. The legal surveys unit and map compilation and reproduction unit, which together correspond with the organization mentioned above, on May 31, 1948, had 150 employees. In other words, there was an increase of ten persons during the year.

If the hon. member was inquiring about the branch as a whole I think I can best answer in this way. A year ago there were three branches of the department, with a total membership of 3,538. Today those three branches have been consolidated into two, with a total membership of 3,960. Thus there has been an increase between May 31, 1947, and May 31, 1948, of 422 persons in this area of departmental activity.

The hon. member for Kootenay West asked about the membership of the geographic board of Canada. The present members are:

F. H. Peters, chief, surveys and mapping bureau.
K. G. Chipman, chief topographical engineer.
R. J. Fraser, dominion hydrographer.
Lt-Col. C. H. Smith, officer commanding, army survey establishment.
J. G. Wright, Northwest territories administration.
Norman Fee, dominion archives.
A. MacFarlane, Post Office Department.
Doctor Trevor Lloyd, geographical bureau.
L. B. Skinner, secretary.

The provincial members are:

Prince Edward Island—Hon. Walter Jones, premier.
Nova Scotia—Doctor Allan E. Cameron, president, Nova Scotia technical college.
New Brunswick—J. C. B. Pugh, department of lands and mines.
Ontario—F. W. Beatty, surveyor-general, department of lands and forests.
Manitoba—J. C. Beresford, director of surveys.
Saskatchewan—A. J. Bereskin, controller of surveys.
Alberta—H. P. Brownlee, department of trade and industry.
British Columbia—W. G. H. Firth, chief geographer, department of lands.

Several hon. members asked for a breakdown of expenditures in connection with the national parks. I should be glad to read all these items if necessary, but if I could get the permission of the committee I might have them appear in *Hansard*.

Some hon. MEMBERS: Agreed.

The DEPUTY CHAIRMAN: Has the minister permission to have these figures appear in *Hansard*?

Some hon. MEMBERS: Agreed.

Mr. MacKINNON: The breakdown is as follows:

As requested, the estimates for national parks and historic sites services have been broken down under main headings which may be defined as follows:

A. Management and Clerical, including salaries, maintenance of administration buildings, office expenses.

B. Public Services, including telephones, water system, sewers, streets and sidewalks, roads and bridges, fire departments, health and sanitation, townsite improvements, campgrounds, gateways and information offices, and maintenance airports.

C. Stores and Equipment, including operation garage and repair shops, warehouses and stores, and purchase of mechanical equipment.

D. Recreation Services, including live animal exhibits, fish culture, museums and caves, sports activities, and operation bath-houses.

E. Forest and Game, including warden service, cabins, forest communication, trails, fire fighting contingencies, care and disposal of wild animals.

The figures for each park are as follows:

Cape Breton Highlands National Park	
A. Management and clerical	$ 42,436
B. Public services	602,362
C. Stores and equipment	27,400
D. Recreation	11,650
E. Forest and game	54,982
Total	$738,830
Prince Edward Island National Park	
A. Management and clerical	$ 12,179
B. Public services	91,000
C. Stores and equipment	4,010
D. Recreation	13,975
E. Forest and game	4,936
Total	$127,000
New Brunswick National Park	
A. Management and clerical	$ 70,800
B. Public services	187,560
C. Stores and equipment	67,860
D. Recreation	145,000
E. Forest and game	28,780
Total	$500,000
Georgian Bay Islands National Park	
A. Management and clerical	$ 5,281
B. Public services	4,725
C. Stores and equipment	360
D. Recreation	3,375
E. Forest and game	2,259
Total	$ 16,000
Point Pelee National Park	
A. Management and clerical	$ 19,629
B. Public services	87,371
C. Stores and equipment	1,800
E. Forest and game	1,000
Total	$109,800
St. Lawrence Islands National Park	
A. Management and clerical	$ 3,077
B. Public services	2,410
C. Stores and equipment	3,600
D. Recreation	9,200
E. Forest and game	1,123
Total	$ 19,410
Banff National Park	
A. Management and clerical	$ 44,844
B. Public services	391,159
C. Stores and equipment	88,203
D. Recreation	63,240
E. Forest and game	169,204
Total	$756,650
Elk Island National Park	
A. Management and clerical	$ 13,593
B. Public services	24,471
C. Stores and equipment	61,850
D. Recreation	14,950
E. Forest and game	53,886
Total	$168,750

Glacier National Park	
A. Management and clerical	$ 470
B. Public services	1,500
C. Stores and equipment	2,950
E. Forest and game	20,580
Total	$ 25,500
Jasper National Park	
A. Management and clerical	$ 46,390
B. Public services	1,918,257
C. Stores and equipment	103,382
D. Recreation	173,355
E. Forest and game	67,136
Total	$2,308,520
Kootenay National Park	
A. Management and clerical	$ 11,448
B. Public services	621,645
C. Stores and equipment	19,409
D. Recreation	9,718
E. Forest and game	25,280
Total	$687,500
Mount Revelstoke National Park	
A. Management and clerical	$ 3,140
B. Public services	15,000
C. Stores and equipment	2,550
D. Recreation	2,500
E. Forest and game	14,310
Total	$ 37,500
Prince Albert National Park	
A. Management and clerical	$ 23,401
B. Public services	227,290
C. Stores and equipment	59,190
D. Recreation	38,837
E. Forest and game	40,582
Total	$389,300
Riding Mountain National Park	
A. Management and clerical	$ 46,775
B. Public service	300,617
C. Stores and equipment	41,340
D. Recreation	55,471
E. Forest and game	43,297
Total	$487,500
Waterton Lakes National Park	
A. Management and clerical	$ 42,216
B. Public services	282,681
C. Stores and equipment	31,376
D. Recreation	22,729
E. Forest and game	37,748
Total	$416,750
Yoho National Park	
A. Management and clerical	$ 17,718
B. Public services	123,900
C. Stores and equipment	33,267
E. Forest and game	31,615
Total	$206,500
Historic Sites	
A. Management and clerical	$156,760
C. Stores and equipment	10,740
Total	$167,500
Head Office	
A. Management and clerical	$206,018
D. Recreation	3,850
Total	$209,868

The main increases in the vote for national parks and historic sites services might be summarized as follows:

1. Jasper National Park	
Reconstruction and preparation for hard-surfacing of Jasper-Edmonton highway, 32 miles	$ 1,039,000
Improvements to Banff-Jasper highway	357,170
Improvements to Maligne lake road	50,000
Improvements to Edith Cavell road	50,000
Improvements to Miette Hot Springs road	55,000
Development of recreational area in Jasper, including work on swimming pool, tennis courts, bowling green, playing field, children's playground	150,000
Improvements to Jasper water supply	60,000
2. Waterton Lakes National Park	
Reconstruction and revision Akimina road, 10·87 miles	200,000
3. Kootenay National Park	
Reconstruction and preparation for hard-surfacing Banff-Windermere road	500,000
4. Prince Albert National Park	
Revision and preparation for hard-surfacing Waskesiu highway, 28·7 miles	150,000
5. Riding Mountain National Park	
Reconstruction and preparation for hard-surfacing main highway through park	200,000
6. Prince Edward Island National Park	
Reconstruction of road, Rustico to New London	84,500
7. Cape Breton Highlands National Park	
Revision and reconstruction of Cabot trail from North Ingonish to Neil Harbour, app. 11 miles	429,730
Construction 1·37 miles of Cabot trail near Presqu'ile	59,800
Reconstruction of bridges	55,000
8. New Brunswick National Park	
Improvement of roads, construction of public buildings and recreational facilities and administration	500,000
9. Point Pelee National Park	
Paving 5·87 miles of main park road	67,600

There are many miscellaneous items for all parks designed to overcome arrears in maintenance or to extend necessary public services

[Mr. MacKinnon.]

but as these are reflected in the general breakdown which I have given at the opening of my remarks it will be unnecessary for me to enumerate these miscellaneous items although some of them are quite substantial.

Mr. ROSS (St. Paul's): I have only one comment to make on this item. I have not seen the details of the expenditures, but I note an increase of $4,951,000, and I imagine the figures the minister has tabled will show what properties are to be bought and what construction is to go on. I should like to know if there is any immediate necessity for this work to be done. It struck me that this was a large increase in expenditure on the acquisition of land and the construction of buildings and works, from $602,000 last year to $4,894,000 this year. If there is a good deal of construction to be done in this connection it seems to me that this work could be postponed for some considerable time. We may need work of this kind if we should run into some sort of unemployment, and this work could be done then. Unless there is some particular reason why this expenditure should be made now, I do not think we have any right to vote the money to carry it on. If the minister can give some reason why it should go on now rather than some time later, that would be different; but at the moment it seems like work which could be proceeded with if we should have to deal with an unemployment situation.

Mr. MacKINNON: I quite understand the reasons that have prompted the hon. member to make these comments; but the projects to which he refers are projects which are being considered by my colleague the Minister of Reconstruction and Supply. They are called shelf projects, which have been given consideration and have been placed to one side, but which may be proceeded with at a later date. There is no money provided in these items for the purchase of land.

Mr. COCKERAM: Why is that put in?

Mr. MacKINNON: That is a heading which is used in the department. There have been purchases of land in the past, and there will be in the future. But at the present time in this item there is no amount for the purchase of land and, may I say, very little for the construction of buildings. To a great extent these items are for the construction of highways in the parks which fell into disrepair during the war years when practically no money was spent on park development.

The necessity for proceeding with this work has been well known to the government. It has been urged on us from all sides in Canada as an encouragement to United States tourists to come to our parks and spend their dollars on vacations here. I am sure, when the hon. member sees the items in *Hansard,* he will approve them.

Mr. ROSS (St. Paul's): My point in rising was to get the details, so that the committee itself could judge as to the necessity for proceeding with the work at the present time. I am not criticizing having this work done to attract tourists.

Mr. CHURCH: For some years past I have been calling the attention of the government to this item. The report the minister gave was a very good one, as far as it went. However I would call his attention to the situation which prevails in the chief tax producing provinces of the dominion.

I am not objecting to these historic parks and sites in other provinces; far from it. I believe in a policy of national parks and historic sites. But I find that Ontario has been overlooked for many years. For example, we have no large national park in the whole province. We have small islands near lake Ontario in the St. Lawrence river, one up at Pelee island, and parks of that kind.

But we must consider what a great investment these national parks can be. Let us have in mind the Rideau lakes district. The Rideau canal was constructed by the British government after the war of 1812 as a backdoor to lake Ontario, and was paid for by the British taxpayers. A magnificent chain of rivers, lakes and streams connects with the canal system. Many people see it while they drive along in their automobiles. That canal system could be linked up with the great chain of lakes and with the inland waterways. In the Trent district we have the Murray canal, and a canal system reaching right up the Severn into the Muskoka district. Then, it is possible to link up the lake Simcoe district, the Muskoka district, the Parry Sound district and that around Georgian bay with the district at the head of lake Ontario. Parks in those areas should be connected. They would be crown property, held either in the right of the province or in the right of the Minister of Public Works for the dominion.

These parks should be linked up into a great chain of public parks so as to attract tourist revenue, not only in the summer months, but also in the winter when winter sports in those park areas would be possible.

I believe Ontario has been overlooked. I have in mind old Fort Henry, in the Kingston area. It is, no doubt, an historic site. At the time the minister visited the coliseum during

the time of the magnificent international trade fair within recent weeks, he probably knows that opposite the place where the fair was held is a fort which was taken by the Americans in the war of 1812-14. There is no reason why some money should not be spent on that fort, and something done along the lines of what has been done at Fort Henry.

I suggest that during the parliamentary recess the minister might consider what is said to him by a deputation which has been appointed by the city council in Toronto to interview him. One must remember that the city has spent about $26,000,000 in grounds, buildings and permanent exhibits in connection with the Canadian National exhibition.

As one of the main contributors in the matter of taxation, Ontario should receive further consideration, because that province has been overlooked. One might mention the historic site and battlefields of the war of 1812-14 which are to be found in the Niagara district. The Ontario government has taken care of some of them. But there are many other points connected with the first and second great wars which should have recognition. I have in mind places where our troops were trained. The government should have a policy of seeking out, in every military district of the country, the sites where the soldiers were trained before they went overseas.

Mr. MacKINNON: I do not wish to delay the passage of my estimates, but I think it is only right to make brief comment on what the hon. member has said. In Ontario the dominion has only three small parks, namely at Point Pelee, Georgian bay islands and the St. Lawrence islands. The parks which are operated by the dominion government have been presented to the dominion by the various provinces. If the province of Ontario wishes to do the same, namely, to acquire land for national park purposes and present it to the dominion government, I have no doubt the government would sympathetically consider taking it over and developing it.

Mr. BREITHAUPT: I should like to refer briefly to the Georgian bay park, particularly Beausoleil island national park camp, which is devoted to a great deal of beneficial youth work. In my view it should be developed further. The former minister said he would visit there, but unfortunately he was taken ill and it was not possible for him to do so. I should like to know what plan the department has for extending Beausoleil national park in Georgian bay?

Mr. MacKINNON: I do not think there are any other plans for extending this park at the present time. As a matter of fact, I expect to be in the neighbourhood this summer to attend the Bruce old boys reunion and I may have an opportunity to look into the situation while I am there.

Mr. LENNARD: I should like to couple my name with that of the hon. member for Waterloo North in connection with Beausoleil national park, owing to the fact that there is a sea cadet centre there. The sea cadet movement is using every available centre for the training of boys, and I feel that this was one reason the hon. member for Waterloo North raised the matter.

Mr. FRASER: I should like to support the hon. member for Wentworth, because boys from the Lakefield preparatory school go there, and the park could be greatly improved.

Mr. COCKERAM: I would point out that these figures are about $900,000 short. There should be more figures in here.

Mr. MacKINNON: I think the figures which I placed on *Hansard* with the permission of the committee are in great detail and will show the total amounts.

Mr. BLACK (Cumberland): I do not want to delay the minister's estimates. I am pleased to see him in this portfolio. Along with other members, I regret that his predecessor (Mr. Glen) has had to give up the portfolio because of illness.

I should like to know what appropriation has been made for the extension of the museum at Fort Beausejour, located at the boundary between Nova Scotia and New Brunswick. This museum was built about 1932; it has been extended, but it is now overcrowded with relics of the past, thanks to the work of Doctor J. C. Webster, C.M.G., who has given many years of invaluable work to our national parks and historic sites.

I want to commend the minister and the department for what they have been able to do in the development of our parks and museums and what this means to our tourists. I have a letter here referring to this, and I should like to quote just a sentence or two as follows:

> I often wonder what kind of a tourist business we would have in the maritimes if our places of historic interest were non-existent. How many Americans would travel through Maine and New Hampshire with their varied scenery to view the maritimes, with the same kind of forests, lakes and rivers?

Mr. MacKINNON: A wing is being added to the museum this year, and an amount of $40,000 has been provided.

Mr. BLACK (Cumberland): What steps have been taken to preserve the French dry

dock in the vicinity of Fort Beausejour. I understand that here again Doctor Webster has been making material personal contributions toward the acquisition of land, in order that this most historic work of its kind in North and South America may be preserved for the benefit of our country.

Mr. MacKINNON: Since the gentleman's name has been mentioned, I should like to take this opportunity to pay a tribute to the work of Doctor Webster, chairman of the historic sites and monuments board. The work done across Canada is of great value in keeping alive in a most practical way our Canadian history and providing attractions to tourists.

Mr. PEARKES: A total of $4,894,000 odd is listed under the head of acquisition of lands, repairs and construction of buildings, et cetera. I know the minister has said that there is to be no acquisition of land, that all this money is to be spent on the construction of roads, buildings, et cetera—I think I am quoting the minister correctly—in order to encourage tourists to come to our national parks.

Mr. MacKINNON: That is one reason only.

Mr. PEARKES: To construct buildings to encourage tourists to come there.

Mr. MacKINNON: If the hon. member will allow me, I said that no money was being there is to be no acquisition of land, that very little was to be used for the construction of buildings; that it was mainly for the improvement of roads in our parks for the encouragement of tourists and the pleasure and enjoyment of our own people.

Mr. PEARKES: I did not suggest that there was any money to be spent for the acquiring of lands, but improvements are to be made within our national parks to attract tourists and for our own people.

I should like to jump ahead a few items and come to the one dealing with Indian agencies. The details show a similar item, but the amount is only $533,725. That is the amount which is to be expended on homes, on roads and for the general improvement of these agencies; yet we are going to spend $4,800,000 on our national parks in order to attract tourists.

I think we should do something to improve the habitations of Canadian Indians. Later on, I intend to refer to some glaring instances in my own constituency where the houses in which these wards of the government are expected to exist are absolutely intolerable. I suggest seriously to the minister that he transfer $2,000,000 from this item and apply it to the item covering the acquisition of land and the construction of buildings, works and structures for our own Indians.

Mr. McLURE: A few days ago when the Minister of Trade and Commerce was dealing with a little matter of roads I brought to his attention a situation in our park. In this case the ownership is in dispute as between the federal and the local authorities, and the result is that the road is not repaired. This road leads to our national park and also to the golf course, and it is simply a mud hole. The Minister of Trade and Commerce stated here in the house that he knew of the situation and would take it up with the Minister of Mines and Resources. I assure the minister that he will have this matter repeated to him by the Minister of Trade and Commerce.

Mr. BLACKMORE: Does the minister happen to have a list of historic sites which have been set aside in Alberta south of Calgary within the last ten years?

Mr. MacKINNON: We have not the information in that form, but it can be obtained for the hon. member.

Mr. BLACKMORE: There is a historic site called "Writing on Stone", which is close to Milk River and Coutts. The last time I went by there I gained the impression that this site would repay some care. Apparently it comes down from a time rather long ago in the history of our Indians. If the stories about it could be obtained and written on a plaque or stone, and the area fenced in, instead of being allowed to be trampled down by cattle, I think it would pay dividends.

Mr. MacKINNON: I shall draw that matter to the attention of the historic monuments board.

Mr. BLACKMORE: It is important also, because it is not far from the splendid Coutts-Lethbridge highway, probably the finest highway Alberta has thus far been able to build, a main highway for tourists from the United States.

Mr. PEARKES: In addition to the $4,894,210 for the acquisition of land and the construction of buildings, works and structures, there is another item of $719,963 for repairs and upkeep of buildings, works and structures. Since I understood the minister to say the $4,000,000 odd was devoted to the upkeep of buildings, what is the $700,000 for?

Mr. MacKINNON: That is for the maintenance work required in all the national parks.

Mr. PEARKES: What is the difference between that and the other item which preceded it, which was for the same purpose?

Mr. MacKINNON: The other has to do with new construction. This is for the maintenance of existing works.

Item agreed to.

Lands and development services branch—
Dominion wildlife service—

208. Wildlife resources conservation and developments, including administration of the Migratory Birds Convention Act, $181,350.

Mr. MacNICOL: I am afraid that this is one branch of the minister's department which needs a bit of checking over. This is the branch which looks after predatory animals. Recently I was in Essex county and paid a visit to Point Pelee. There I was interviewed by quite a number of residents, who called to my attention the destruction in the park, which could be much more beautiful than it is if it were properly taken care of. In fact it is the only national park in western Ontario. I commend the park to the minister's attention. It should be beautified; but, above all, the first thing that should be done is to kill the predatory animals in the park. All the farmers around about are complaining about the department encouraging the maintenance of the predatory animals such as wolves, red foxes and coyotes, which are destroying the pheasants and other so-called wild but harmless animals. The Leamington *Post and News* of June 17 had this to say:

People who do not believe in the control of predatory beasts are invited to visit Point Pelee national park adjacent to Leamington, Ontario. Here exists at the present time, one of the best possible demonstrations of what happens when animals that prey upon other animal life are not killed.

In every one of the nine provinces of Canada, it is the policy of the provincial government to foster an increase in the number of deer within its borders. They are wanted for food for humanity. Most of the provinces, therefore encourage the slaughter of wolves and coyotes by paying a bounty of several dollars for each one killed, while several counties in Ontario pay a bounty also on red foxes.

In the federal parks within these provinces, the dominion government, under the management of the federal fish and game department, protects all predators, and any man would be prosecuted for shooting a coyote, wolf, or red fox inside such a federal park.

A few years ago pheasants were so plentiful around this Leamington national park that citizens took motion pictures of them from their cars as they motored through the park. Then coyotes and red foxes came in and, under the policy of the dominion government, were given the protection referred to. Farmers living within the boundaries of the park were even notified to keep their dogs chained up—which certainly did not make sense to them while coyotes were being permitted to run at large without molestation.

I have had quite a number of letters from that beautiful county, no more beautiful county in Canada, and I am going to ask the minister to take this under his control. I say to him that if anyone in his department is protecting wolves and coyotes in this park, I would ask him to tell him to take a walk somewhere else. He should not be in the department helping to maintain the national parks.

Mr. ROSS (St. Paul's): I wish to say a few words in connection with one species of wildlife, namely ducks and geese, because one might put these two birds together. There is an article in *Rod & Gun,* which is taken from *Field and Stream* and which is headed: "Can our duck shooting be saved?" This magazine says, "Yes, but the remedy must be drastic." Duck shooting is a great sport, but the duck population of this country is going down and down. We have had limits on the number of ducks that a man is allowed to take in a day, and the number he can have in his possession and so on. We have associations such as "Ducks Unlimited". I wish there were; I wish we had ten Ducks Unlimited, so that the duck population might be increased. There are a lot of factors that enter into the matter. There are 400,000 more hunters than there used to be, and it is easier to get to the duck-shooting grounds. There are two or three solutions of the problem; but, as I say, drastic measures must be taken, or there will not be any ducks. The article goes on to say:

Protection came too late for only one, the Eskimo curlew. It took twenty to twenty-five years for our gulls, terns, shore birds, herons, egrets, ibises and cormorants to become common once more. During the same period the abolition of spring shooting of ducks produced tangible results in five years.

The article goes on to say:

So great is the vigour and fertility of our waterfowl that I honestly believe a five-year closed season would quadruple their numbers.

There is no doubt about it, if we had a closed season. I do not know that it is possible to have it. There is no doubt that the future of our waterfowl shooting depends upon the ability to secure the necessary knowledge and to finance the techniques which have been worked out, and of hunters to exercise enough self-restraint; but I do not think sufficiently drastic action has been taken.

I wonder whether there is sufficient co-operation by the people of the United States. It is no use our breeding ducks here in our north country and then having them slaughtered in the south. I know that there is co-operation between the two countries. I do not know that there is co-operation between the various states. For instance, they will have a closed season in one flight lane and the shooters all go over to the other lane. That is not having a closed season. For the benefit of this country I wish, if it might be possible, that we could arrange with the United States to have a closed season for, say two years, on the shooting of ducks in both the United States and Canada. That would make a tremendous difference.

Ducks increase in geometrical proportion. They come back very quickly, but unless we take drastic action there will be no duck-shooting for anyone. These birds can be preserved. The Jack Miner foundation is doing its best in its small way. It gets $5,000 a year, but grain has gone up and it would be a good idea to give it a little more money. This is one of the most important things in our country, because we must preserve our wild life, and particularly our wild bird life. It is a great asset to the country; but, as I say, unless we do something drastic, we shall find ourselves without any ducks in a short time.

I commend to the minister this article in the magazine *Rod & Gun*. It appears in the last number, the June issue. The minister comes from a duck-shooting country and perhaps he has been out many times. I, too, used to be fond of shooting. It is a fine sport and I want to see it saved for the young people of Canada; but, unless we take the necessary steps, there will be no ducks left in the country.

Mr. MacKINNON: About three weeks ago at the instance of the Department of Mines and Resources a conference was held in Ottawa to which wildlife officials of all provinces were invited. I believe that representatives from all the provinces attended as well as representatives from wildlife organizations in the United States, the object being to work out methods of co-operation looking toward the preservation of wild life.

Mr. HAZEN: Did that convention produce results? Did anything come of it? Was it decided to take action in the way of shortening the shooting season for migratory birds or providing a closed season?

Mr. MacKINNON: I am informed that substantial agreement on seasons to be recommended resulted from that conference.

Mr. BLACKMORE: I desire to associate myself with the remarks of the hon. member for St. Paul's. I congratulate the minister on the forward-looking policy of the department in inviting the provincial people to a conference, and I trust that the dominion government will go forward in the role of leader. The preservation of game is a strictly provincial matter, just as is the preservation of our forests, but the provinces will be able to do far better under dominion leadership and with dominion financial support. The importance of our wild life can hardly be over-emphasized.

Mr. HAZEN: I read in a newspaper not very long ago that the department was considering the establishment of a bird sanctuary or game refuge in the vicinity of James bay. I hope that some action of that kind is being contemplated. Does the government propose to establish, or to consider the question of establishing, a sanctuary there? It is important that we have more sanctuaries of this kind than exist at the present time.

Mr. MacKINNON: We have established sanctuaries at James bay, and arrangements are being made for the establishment of others. The wildlife conference held early in June of this year, to which I have referred, will meet annually.

Mr. ROSS (St. Paul's): Mr. Chairman, I wish to make a correction in what I said just now.

The DEPUTY CHAIRMAN: Order. It is not in order for an hon. member to read from a magazine dealing with the question before the committee.

Mr. ROSS (St. Paul's): I made a mistake. The article I quoted from was from *Field and Stream*, but it is in the magazine *Rod & Gun*.

Item agreed to.

Indian affairs branch—
213. Branch administration, $110,187.

Mr. CASTLEDEN: In the matter of Indian affairs, probably one's first words should be words of commendation to the former minister on the progress made on this important question of Canadian Indians, and I hope that the present minister will get a picture of the responsibility and the opportunity which exists in regard to emancipating these unfortunate people who are within our gates and who find themselves the wards of this government.

May I express appreciation of what has been done within the last three years and since a committee was set up to deal with the revision of the Indian Act? That committee has done valuable work, and its findings have revealed shocking conditions among the 130,000 human beings who live within the

borders of the country. My complaint is that, in spite of what has been done, it is too little, too late and much too slow.

The condition among the Indians calls for immediate redress. We can no longer stall or wait. The matter demands action from this government. It requires the revision of the act and drastic action within the department, on the part of those responsible for the administration of Indian affairs.

The majority of these people at the present time live under conditions of poverty, want, disease and ignorance. There are a few bright spots where conditions are better, such as Caughnawaga, the Six Nations reserve, some in Alberta and a few on the western coast of British Columbia where the Indians are engaged in fishing. Some of them are doing very well. We must not forget that these people are human beings, and under the present set-up they have no control over their own destiny, no say in their own government, no say about their own affairs. They have limited approach toward justice; they are not able to pay for legal advice. The conditions among many of these people, particularly in the backward areas, are such that the reserves on which they are compelled to live are not sufficiently well supplied with natural resources to provide them with a decent standard of living. In many cases they lack the necessary assistance to make a start in providing for themselves.

Years of protest and complaint have finally brought about the setting up of a committee of this house, which has revealed a shocking state; and it is time, now that we know enough about the matter, to do something about rectifying some of the basic wrongs. We find from the records that 18,000 Indian children are receiving some kind of education, either in residential or in day schools, but the shocking condition is revealed that 12,000 Indian children are receiving no training whatever. After sixty years of administration in this country, to have these facts facing us is a revelation as to how serious the situation is and how completely the Indians have failed to accept responsibility in this regard.

The whole hope of the future of the Indians must lie in our ability to train them adequately. I am pleased that something is being done, that there are some signs of improvement, and that the government is already spending some larger sum in education. There are signs of progress. As I said before, I am pleased at the amount of money which is being spent by the Department of Health and Welfare to make a survey of the situation with regard to health among our Indians, with a view to doing something about remedying the condition of these people. I think the evidence given before the committee would show that these Indians have the capacity to become fine citizens—they are fine people; they have excellent qualities—if they are only given an opportunity. I think the evidence will reveal that the Canadian Indian is a sick man. Until we remedy the economic position, health conditions and conditions of training among them, we cannot hope to solve this problem.

The fact of the matter is that the actual training of the Indians does not suit them for the kind of life they must live. Many of them go to residential schools, learn how to live under modern conditions, return to their reserves after they have reached the age of sixteen and find that they do not like to go back to their terrible housing and living conditions on the reserve. However, they find themselves unable to take their position in the modern white man's way of life, and they seem to become lost between two worlds. They sink down into a hopeless condition, and few of them really make a success or show any of the signs of progress which we would hope for.

There is another thing which reveals something which I think is basically wrong with our treatment of these people. For instance, there has recently been considerable discussion about the matter of granting the franchise to Canadian Indians. One of the big troubles with regard to this matter has been that the Indians themselves are not taken into the confidence of those who are administering their affairs. They only hear that a report has been tabled in this house stating that it is the intention of a committee or a group of people to recommend to the house that the franchise be granted. The Indian wants to know what that entails. Does it mean that they are to become citizens of Canada? Does it mean that they are to lose any of the rights or privileges which they have enjoyed under the treaties? If it means that they are to lose their treaty rights, the Indians themselves do not want to have much to do with it. A great many of them are suspicious of those who administer their affairs, because they have not been taken properly into the confidence of those people. The Indians should have been brought into consultation with those who administer their affairs, told of these suggestions and been allowed to know exactly what the Canadian people intended to do.

Mr. BROWN: Will the hon. member permit a question?

Mr. CASTLEDEN: Yes.

Mr. BROWN: My hon. friend is a member of this committee. He has brought this subject up.

Mr. CASTLEDEN: What is the hon. member's question?

The DEPUTY CHAIRMAN: Order.

Mr. BROWN: I am coming to my question.

Mr. CASTLEDEN: It is a speech.

Mr. BROWN: The hon. member has brought this question up. Will he now tell us the means and methods whereby he would have the Indians represented on the Indian affairs committee? He has not done so in the last two years.

Mr. CASSELMAN: Oh, let us get on.

Mr. CASTLEDEN: As I believe the hon. member, who is chairman of that committee, knows very well, the Indians appeared before this committee and representations were brought before the committee. There are Indian organizations across this country in each of the provinces, in each of the divisions of Canada; and they hold annual conventions. There is an organization of Indians across the whole of Canada which could quite quickly, with a little bit of assistance, choose those who could speak for them. It would be quite possible to have representatives from the Indian groups across Canada sit in with this committee, with watching briefs, to talk over the matter and give the Indian viewpoint. I think I mooted that procedure at the early meetings of the committee, but the committee voted my recommendation down.

It is most important that, if we are to suggest any such thing, the Indians should be given every assurance that the granting of any franchise would in no way interfere with any of their rights. It is quite evident also that the Indians are suspicious of this, and some of them have already stated that they do not want to have anything to do with it. As a matter of fact, they do not know what it entails and are naturally suspicious; and such a thing would vitally affect them.

The matter of treaties and of the rights and privileges under treaties requires immediate remedy. The recommendations of the committee that were recently tabled in this house should be adopted by this house and implemented by the department, particularly with regard to the setting up of a claims commission. The matter of hundreds of treaties, under which the various Indians in various groups across Canada are now living, requires adjustment. In my own province of Saskatchewan it has been revealed that the original reserves set aside for the Indians occupy considerable territory in different parts of that province. Since those reserves were set aside, it is a matter of fact that some 400,000 acres have been taken away from them and have been either sold to white people or used in other ways. Those reserves are, in reality, the property of the Indians. They were set aside in order that the Indians might make a livelihood upon them. If we would look over the terms of the original treaties, we would find that it was certainly the intent of those treaties that the Indian should be properly cared for, that he should be properly trained, and that the great white mother or queen, who was ruling this country at that time, would see that the Indian was properly recompensed and properly cared for as a result of this surrender of these vast territories.

The Indian resents the position of inferiority in which he is placed. The Indian is a noble being. It has been revealed that under proper conditions he has remarkable capacity, a fine intellect and certainly excellent qualities of character. I do not think he has been improved by his contact with the white man in every instance. I suggest that a change is needed in the attitude of the white Canadian people toward these our red brothers. I believe that ultimately we shall have to take these people into our confidence, treat them as equals and give them an opportunity to share in the making of their own destiny.

Mr. YOUNG: As a member from a Vancouver constituency where the condition of the Indians in our area is particularly pressing, I should like to add my voice in support of the remarks made by my colleague. I should like to draw to the minister's attention the remarks made earlier in this debate or on this report by the hon. member for Nanaimo.

In the Vancouver newspapers last winter appeared a great number of letters, which were written by citizens, about the conditions of the Indians in British Columbia and about the conditions in the Indian schools. It appears that in these schools the boys and girls are completely segregated and are not permitted to speak to one another at all in the classrooms during the school day. They eat separately and are treated in an entirely different way from children of the same age of our own race. This type of old-fashioned regimentation in schools is producing in the Indian mind a psychology at variance with the general outlook of the average white child, and they are growing up with peculiarities which set them apart from the rest of

the population to a greater extent than would be caused by any matter of pigmentation or racial background.

At the University of British Columbia, where I was recently a student, Indian students are as brilliant and capable as any others. During the last term a representative of the native brethren came to address the student body. He spoke clearly, in an educated manner, and presented the case for the Indians. From the floor of that meeting the question was raised as to whether the Indians desired the franchise; that is the very point which was brought up by the hon. member who spoke previously this evening. The reply of the Indian who was addressing the meeting was that they wanted the franchise, but if it were to cost them privileges and treaty rights, then something would have to be added to the franchise to make it worthwhile from their point of view.

I should like to ask the minister if he is aware of the situation with respect to Indian girls from the Capilano reserve in North Vancouver, who come to the city and go along that street we call the skid road, otherwise known as Cordova street. There they are taken into hotel rooms by various people and debauched; and many are found in these rooms with liquor in their possession. According to newspaper reports, hardly a day goes by that some man is not prosecuted for this type of crime. No doubt the minister has this information; and I hope and trust that everything possible will be done to remedy that condition, by one method or another. Every effort is made locally to keep down crimes of this kind; and, since these people are wards of the government and a federal responsibility, every co-operation should be given by this department.

I should like to ask whether there has been any suggestion that this country should follow the example set by New Zealand, where Liberal and Conservative governments have made possible direct representation of the aborigines in the parliament of the country, so that their conditions may be made known, their requests met and their needs fulfilled. It was suggested by one hon. member that some method might be found whereby Indian organizations could send representatives to meet with a parliamentary committee, and I would strongly urge that such a policy be adopted in future, if at all possible.

Some time ago I was ruled out of order when I sought to take up with the minister the matter of the payments now being made by the department to Indians over the age of seventy. I refer particularly to a recent increase of $8 a month, in addition to the $5 which originally was presented to these Indians in the form of necessities by the Indian agent. I would appeal to the minister and the department to do whatever can be done to bring this amount more in line with the needs of the people receiving it. I feel that it is a deep disgrace to our country that this situation has been permitted to continue for so long. I do not suggest that it is done deliberately. I cannot believe that; but I believe we as a nation have been guilty of neglect. Whether neglect is as great a crime as deliberate intention, in this particular case the crime is almost as great; and in the interests of the country at large, the whole attitude of the department and of the federal government should be changed and a more humanitarian ideal pursued in the treatment of our native peoples.

I want to make one last reference to the schools in which the majority of the Indian boys and girls in my province are educated at the present time. It has been suggested that the teachers employed in schools which are under private charitable auspices are not up to the standard, and in fact are definitely below the standard, of the teachers in the ordinary public schools, and that this is partly due to the fact that the organizations employing them pay smaller salaries, on the average, than they could obtain in the ordinary schools. If this is the case, as we have reason to believe it is; if it is the policy to employ the cheapest teachers, who perhaps are not able to fill ordinary posts in the public schools, and give them to the Indians, there is every reason to suppose that the Indian children will not develop to the point where they can be regarded as normal Canadian citizens. Such a policy is extremely detrimental to the development of the Indian from his present position to one of responsibility as a fellow citizen.

Mr. BLACKMORE: Our Indian policy in Canada is far short of what it should be. While the committee on the Indian Act has been at work for three years, I seriously fear that the net result of all our efforts will be exceedingly disappointing, not only to the Indians but to Canadians at large. I do not wish to be unduly critical; I intend to be constructive. The minister should set out on a definite, progressive policy with regard to our Indians, and should not be afraid to spend money. It seems to me that up to the present time our whole policy with regard to Indians has been to see how niggardly we could treat them, how small a sum of money we could spend on them. That is not the way to make a great people.

I am going to suggest several things, though I do not wish to delay the committee unduly.

In the first place, I believe a revolving fund of around $50,000,000 should be established from which, under the direction and with the advice of Indian councils and government agencies, Indians would be able to borrow to establish themselves in farming or whatever activity they might desire to follow. This is a serious disability on the reservation in my constituency. Young people coming along have no means at all of obtaining cattle, for example, with which to start cattle raising, or to do anything else they want to do.

Another revolving fund ought to be established to enable less fortunate Indians to build moderately priced homes. And much care should be given, may I advise the minister, to the provision of an adequate water supply for our Indians. On the reservation I have the honour to represent, some Indians have to haul water in barrels on a wagon for fifteen miles every other day in order to have a water supply at all. How in the world can they compete successfully if they have handicaps of that kind? That sort of thing must be overcome. I have been striving for some time to bring about some arrangement under which Indians might drill wells, but the department always seems to want the Indians to get the money from their own band funds. In many cases their band funds are almost negligible. I draw the minister's attention to this matter of a water supply definitely, because Indians suffer from unsuitable water just as much as white people would.

There should be a fund for providing scholarships for young Indians to enable them to attend colleges, universities and technical schools. Those scholarships should be real scholarships which would enable the young Indian people to go to school and enable them to hold their heads up among their fellows, and to participate in every way, just as our white young folks do.

We should examine into the possibility of establishing one or more Indian institutes or universities in which Indian history, Indian legends, Indian religions, Indian culture and Indian skills, arts, crafts and languages could be accumulated, learned and rendered available to young people, so that they could go there for a year or two and learn how their people lived in the past.

This matter has been neglected far too long. Many of the splendid Indian skills of fifty years ago have been almost entirely lost; I have in mind the tanning of skins, making of moccasins and the other crafts with which they were familiar. We should consider that the Indians have a great contribution to make to this country. They are a great race with a great past, and a great future. They are a people with splendid characteristics. Indians are in no way inferior to white people, and in many respects they are superior to us. We should recognize that fact immediately, and govern their treatment with that in mind.

There should be a fund to help the Indians organize. We have just recently had a convention meeting of Indians here in Ottawa. Practically every Indian who had anything to do with coming to the convention is financially hurt. They were not able to get the money with which to come here. There was no fund available. There should be a fund provided by the dominion government to help the Indians to organize provincially and on a dominion-wide basis. We must recognize that the Indians must learn to govern themselves in an Indian fashion.

Then, the matter of taxation of Indians is a disgrace to this country. Generally speaking, Indians have a very small chance to make good from an economic standpoint. I make that statement, judging by the Indians in my own province. When a particular Indian happens to get ahead a bit he cannot return to the reserve with his money without the government coming in and taxing that money. I say that is an absolute disgrace to the country. It is disgraceful that Indians should be taxed on money they earn off the reserves. Surely, if we ourselves neglect the welfare of the Indian reserves to such a great extent we should let the Indians who go off the reserves and earn some money take it back and spend it in those reserves.

We should insist on a greater degree of Indian self-government. Every Indian effort to establish self-government throughout the country which would bring them in co-operation with the dominion government ought to be encouraged. I could tell stories of the last year which would reflect no great credit on the dominion government in respect of the way in which they have treated the Indian efforts to attempt self-government. Perhaps Indians have acted in a way which was just a little bit different from the way in which we think they should have acted. But when the Indians try to help themselves we should help them, not interfere with them.

The Indian claims commission suggested by the hon. member for Yorkton is a good suggestion. In the days of long ago the Indians had many privileges. They had the privilege of hunting, of fishing, of berrying, of logging and of grazing off the reserves, and to do those things freely on the reserves. When the treaties were entered into they were signed with the idea that the Indians would continue to have those privileges indefinitely.

Away back around 1875 no one ever dreamed that the area, for instance, south of the city of Calgary would be settled. It was assumed that the Indians would be able to take timber and to take the things they wished off the country. Now look where they are. They are confined to little pieces of territory. They have lost all their hunting, fishing, berrying and logging privileges. Where they used to make money from these activities, they cannot do so any more. There is hardly any other way for them to make money.

We simply must face this matter squarely and give it some more definite attention. Treaties were signed with the Indians, and those treaties should be recognized and observed by the dominion government. If they are not, then we shall build up a situation which will be dangerous for the future. We simply cannot go on disregarding these people as we have done in the past, because the day will come when they will become a problem and we shall not be very happy about it when they do.

For instance, in the matter of old age pensions, no one should have considered leaving the Indians out of the old age pensions scheme. Just imagine!—the people who are the least able to make their way have to be deprived of old age pensions, while those pensions are provided for the white population. We should have gone about the matter in exactly the opposite way. The Indians should have been the first to receive old age pensions. It is harder for an Indian to make money than for a white person. They should be receiving the old age pension at sixty years of age instead of at seventy.

Mr. MacKINNON: Will the hon. member permit me—

Mr. BLACKMORE: I shall have finished in a moment or two.

Mr. MacKINNON: Thank you.

Mr. BLACKMORE: We should give the Indians old age pensions right away and, as I say, at the age of sixty instead of at seventy. It should be done at once. They need it, and they need it badly in order to be able to nourish themselves.

Blind pensions should be just as generous for the Indians as for the white population. Other benefits should be just as generous. Family allowances should be more generous for Indians than for whites. We are giving them the same. But the ordinary Indian has nowhere near the facilities for making a living for his children that the white person has. I lived right alongside a reserve for fifty-six years, and for fifty of those years I was aware of the way in which the Indians lived on their reserve. I have known that since I was eight years of age. I know the conditions under which they lived; and they were not good. The Indians should have had far more benefits.

I earnestly urge that the minister be not restricted in any way in any cheese-paring economy practices such as have been afflicting the committee on Indian affairs all the way through its deliberations. Let the minister consider the Indian Act, and make the report of the committee his point of beginning. I make these observations, knowing he will be sympathetic. He will have my complete support in any forward policy he may wish to introduce with respect to our Indian population.

Mr. MacKINNON: I am not a member of the Indian affairs committee, but I am informed by the chairman of that committee, as by the officials of my department who have sat on the committee, that practically all the points raised by the hon. member for Yorkton, the hon. member for Vancouver Centre and the hon. member for Lethbridge have been dealt with in the committee on Indian affairs and that a favourable report along the lines of the arguments offered by those hon. members is incorporated in the report which has been tabled in and adopted by the house.

Mr. CASTLEDEN: When was it adopted?

Mr. BLACKMORE: It has never been adopted.

Mr. CASTLEDEN: It has not yet been moved.

Mr. MacKINNON: It has been tabled, and I am informed its adoption will be moved tomorrow.

Mr. CASSELMAN: It is on today's *Votes and Proceedings.*

Mr. MacKINNON: Mr. Chairman, there are only half a dozen more items in this department, and I should appreciate it if we would disregard the clock and, with the unanimous consent of the house, proceed.

Some hon. MEMBERS: Agreed.

Mr. CHARLTON: I wish to refer to a matter with respect to the Indians in Brant county. I have here a resolution from the Brant county council, which has to do with the Six Nations reserve in that county. It has to do with justice on that reserve.

The DEPUTY CHAIRMAN: Perhaps the hon. member could place it on *Hansard* if he does not wish to read it.

Some hon. MEMBERS: Agreed.

Mr. CHARLTON: Well, I wish to make a few brief remarks.

Mr. FOURNIER (Hull): Well, either say it or put it on *Hansard*.

Mr. CHARLTON: This resolution is fairly self-explanatory. It is simply asking that an amount of money be granted by the dominion government to defray the cost of administering justice in connection with the Six Nations reserve.

The DEPUTY CHAIRMAN: It is not the practice to permit resolutions to be placed on *Hansard* unless the committee is willing to give consent.

An hon. MEMBER: No.

Mr. CHARLTON: I will go ahead and read it.

The DEPUTY CHAIRMAN: It is bad practice and, unless unanimous consent is given, such a resolution should not be placed on *Hansard*.

Mr. CHARLTON: It reads:

At the June session of the Brant county council, the following resolution was duly passed and is submitted herewith for your sympathetic consideration.

"Since the organization of the county of Brant, nearly one hundred years ago, it has had to pay for the administration of justice on an Indian reserve within its county. The county receives no taxes from this reserve, and as the Indian population here is 5,500 and the county's 24,800, it can be understood the administration of justice costs for Indian offenders is considerable, although they are law-abiding generally, but like other nationals they have many law breakers.

The province of Ontario pays for Indian offences on the same basis as for other indictable crown cases, but the Dominion of Canada, which is the guardian and trustee for moneys for these people, does not contribute any money for the maintenance of our courts, although representations have been made to various dominion governments over a period of eighty years, and each government appealed to has informed the county council that the administration of justice in each province is the responsibility of the provincial government, which in turn will only pay its normal proportion for all justice costs, claiming the Indians are wards of the Dominion of Canada and further costs will not be assumed by the province.

At the 1948 spring assizes, an Indian was convicted and sentenced to hang for a murder which occurred on the reservation, the costs of this trial were approximately $3,000—it is possible the county can recover $1,000 from the province in the normal way, the Brant county taxpayers, with those of the city of Brantford, will have to pay the balance, for as stated earlier, no taxes are paid into the county from the Indian reservation.

This is the second murder trial and conviction for an Indian in the past fifteen years, apart from other serious crimes.

We are asking each county council in Ontario to support Brant county in its appeal for more generous treatment by the dominion government, by writing to the Right Hon. W. L. Mackenzie King, Prime Minister of Canada; to the Right Hon. J. L. Ilsley, Minister of Justice; the Hon. J. A. Glen, Minister of Mines and Resources, and to its local member of parliament, requesting the government to pay an equitable sum to all counties in which there is an Indian reservation, towards payment of administration of justice costs on that reservation."

We are also sending copies of this resolution to the Right Hon. W. L. Mackenzie King, Prime Minister of Canada, the Right Hon. Minister of Justice, the Hon. Minister of Mines and Resources, and W. Ross Macdonald, Esquire, M.P., Deputy Speaker of the House of Commons.

Yours very truly,

R. E. W. Lawrason.

Mr. PEARKES: I wish to express my regret that such a meagre amount is being provided for the improvement of Indian reserves. I have already referred to the fact that $5,500,000 is being spent upon improvements and maintenance of our national parks for the benefit of tourists and Canadians on holiday. A few weeks ago the Minister of National Defence announced that $20 million will be spent to provide houses for members of our active forces who are married. I have no objection to that being done, but I object to only $500,000 being spent for the maintenance of the reserves and the provision of houses for our Indians.

I have brought to the attention of the department the details of the conditions that exist in my own constituency. I know whereof I speak, because I live next to an Indian reserve, and there are a number of smaller Indian reserves scattered throughout my district. There is one just outside Duncan, right on the highway. Any tourist driving up the the island highway must pass through Duncan and see the miserable hovels in which these Indians are living.

Then, right in the heart of Nanaimo is Nanaimo reserve No. 1. I went there last fall at the invitation of the chaplain of the reserve. I drove up to the boundary line and was told that I would have to leave my car. I stepped off a paved road onto a dirt track full of pot-holes. I left houses where there were electric lights, sewers and water, and I went in among hovels where there were no lights, no water, no sewers. This is right in the heart of Nanaimo beside a combined terminal for buses, rail and steamships upon which the Canadian Pacific are spending $2 million in order to attract tourists. The first thing a tourist will see will be the appalling conditions under which the Nanaimo Indians are living.

I pleaded with the department to do something to improve the roads, and they generously granted $100, making it $300 instead of $200 for the maintenance of roads. This enabled the Indians to bring in a few cartloads of cinders to put in the worst mud-holes. This is all I have been able to get from the department and it is not good enough. The Indians have pleaded that their houses be improved and that something be done to make their condition more satisfactory.

Another matter I brought to the attention of the department was the fact that the children on Nanaimo reserve No. 2. some eight miles away, have not been able to obtain any education for the last five or six years, simply and solely because the department will not bring the few Indian children on that reserve into the school at Nanaimo.

I do not care how long it takes to get these estimates through. I want the assurance from the minister that something will be done about that reserve before these estimates are passed.

Mr. MacINNIS: Surely this is a ridiculous way to deal with these important estimates? At this late hour we are being kept here to pass them.

Item stands.

Progress reported.

BUSINESS OF THE HOUSE

Mr. KNOWLES: The business tomorrow?

Mr. FOURNIER (Hull): Introduction of a few bills, and third reading of Bill No. 338, respecting income tax. Then we shall go into supply and consider the remainder of the items.

Mr. KNOWLES: May I ask the hon. member for Essex West whether it is his intention to proceed with the motion for the concurrence in the report of the Indian affairs committee at eleven o'clock?

Mr. BROWN: It is the present intention that the motion for concurrence will be made tomorrow.

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

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

DEPARTMENT OF MINES AND RESOURCES

206. National parks and historic sites services, $7,372,878.

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

208. Dominion wildlife service—wildlife resources conservation and development, including administration of the Migratory Birds Convention Act, $181,350.

209. Engineering and construction services, $308,988.

210. Special projects—to provide for the construction, operation and maintenance in the Snare river drainage basin, Northwest territories of a combined storage and hydro-electric development, and the cost of transmission lines, to serve the Yellowknife district, and to authorize the Minister of Mines and Resources, with the approval of the governor general in council, to engage engineering assistance and to undertake all related works by day labour or contract, $2,275,000.

211. Grimshaw-Great Slave lake road—amount required for completion of provincial section in 1948-49 under terms of agreement with Alberta (revote), $295,576.

212. Snow Lake mining road, Manitoba—amount required in 1948-49 for construction, under terms of agreement with the province of Manitoba (revote $17,000), $60,000.

HOUSE OF COMMONS

Thursday, June 24, 1948

The house met at eleven o'clock.

INCOME TAX

CANADA-NEW ZEALAND INCOME TAX AGREEMENT ACT, 1948

Hon. J. J. McCANN (Minister of National Revenue) moved for leave to introduce Bill No. 395, respecting an income tax agreement between Canada and New Zealand, signed at Ottawa, in Canada, on the twelfth day of March, 1948.

Mr. MacINNIS: Explain.

Mr. McCANN: Mr. Speaker, an agreement has been signed between New Zealand and Canada in reference to taxation. The purpose of the agreement is to avoid, where possible, the double imposition of income and similar taxes where Canadians are carrying on business in New Zealand or otherwise receiving income from New Zealand sources, and where New Zealanders are carrying on business in Canada or otherwise receiving income from Canadian sources. It also provides that the taxation authorities of the two countries may exchange information which may be necessary to make the agreement effective and to prevent fraud and avoidance of taxes which are subject to the agreement.

The purpose of the bill is to give the agreement the force of law in Canada, and it provides that in the case of inconsistency between the agreement and the operation of any other law, the agreement will prevail to the extent of such inconsistency.

The Minister of National Revenue is given the authority to make orders and regulations to carry out the provisions of the agreement, which orders and regulations shall be published in the *Canada Gazette* and laid before parliament.

Motion agreed to and bill read the first time.

FOREIGN EXCHANGE CONTROL ACT

TRANSACTIONS BY CANADIAN RESIDENTS, IN CANADA OR ELSEWHERE

Hon. DOUGLAS ABBOTT (Minister of Finance) moved for leave to introduce Bill No. 396, to amend the Foreign Exchange Control Act.

Some hon. MEMBERS: Explain.

Mr. ABBOTT: Mr. Speaker, the purpose of this bill is to close what appears to be a sort of loophole in the Foreign Exchange Control Act. When the Foreign Exchange Control Act was enacted the intention was that its provisions should have extraterritorial effect in so far as they relate to transactions by Canadian residents. In other words it was intended, and is indeed essential to the proper operation of exchange control, that certain transactions by Canadian residents should be subject to control whether those transactions are entered into in Canada or elsewhere. In most of the relevant sections of the act, this intention was made clear by the use of the words "either in Canada or elsewhere", but through an oversight these words were omitted from sections 21, 22 and 23.

The omission in the case of sections 21 and 22 has recently been disclosed by a decision of a magistrate in Toronto in a prosecution against a Canadian resident for failing to sell to the foreign exchange control board through his bank about $15,000 in United States funds and disposing of them without a permit. The evidence established that the resident was personally in possession of these funds in Niagara Falls, New York, where he used them to buy certain goods which were subsequently smuggled into Canada. The magistrate held in effect that sections 21 and 22 of the Foreign Exchange Control Act did not apply, since the receipt and disposition of the funds took place entirely outside of Canada while the resident himself was outside of Canada.

The effect of this decision—I may say that an appeal has been taken—if maintained, is that any Canadian resident who obtains payment of United States funds while in the United States could dispose of the funds there without committing an offence. This would, of course, defeat one of the primary purposes of the Foreign Exchange Control Act, which is to ensure that United States dollars and other foreign exchange earned by Canadian residents from exports, services rendered for non-residents and from other sources must be sold to the foreign exchange control board where they will be available to meet Canada's foreign expenditures.

Because of the serious consequences which might follow as a result of the apparent defects in sections 21, 22 and 23 the government feels it necessary to ask now for the amendments contained in the bill. They are purely

of a technical nature, and merely will enable those sections to be applied as originally intended.

Mr. SPEAKER: Is it the pleasure of the house that the minister shall have leave to introduce said bill?

Mr. FULTON: On division.

Motion agreed to on division and bill read the first time.

EMERGENCY EXCHANGE CONSERVATION

AMENDMENT OF SCHEDULES TO ACT OF 1947-48

Hon. DOUGLAS ABBOTT (Minister of Finance): Mr. Speaker, in *Votes and Proceedings* of yesterday appears notice of a bill in my name to amend the Emergency Exchange Conservation Act, which was referred to by the Minister of Public Works (Mr. Fournier) a few days ago as one of the bills that the government intended to bring down. I had expected it to be on the order paper today for introduction, but, apparently through some mistake either in my office or in the law clerk's office, it was one day behind the other bill which has just been given first reading. If the house would give unanimous consent, I would like to advance it one stage in order that the bill may be distributed to members and put on the order paper for discussion at whatever time the house sees fit.

Mr. BRACKEN: On behalf of my associates, Mr. Speaker, may I say that we offer no objection to proceeding with the first stage of the measure now.

Mr. SPEAKER: By unanimous consent.

Mr. ABBOTT moved for leave to introduce Bill No. 397, to amend the Emergency Exchange Conservation Act.

Motion agreed to and bill read the first time.

QUESTIONS

(Questions answered orally are indicated by an asterisk).

IMPORT RESTRICTIONS—PICTORIAL POSTCARDS, ETC.

Mr. ROSS (St. Paul's):

1. Have any permits been issued for the importation into Canada from Great Britain of any pictorial postcards, greeting cards, or similar artistic cards or folders, finished or unfinished, or any Christmas seals, stickers, tags and enclosure cards, printed, embossed or otherwise decorated, which articles come under the prohibited list, schedule I of Bill No. 3?
2. If so, to what company, partnership, person or persons have these permits been issued?
3. What was the reason for their issuance?
4. What condition of exceptional hardship would result if the permits had not been issued?
5. What is the nature of the permits?
6. For what types and quantities of the above articles have permits been granted?
7. What is the approximate value of the articles under the permits so granted?

Mr. ABBOTT: Stand.

Mr. ROSS (St. Paul's): Mr. Speaker, this is a simple question and I would like to get the answer today. I do not see any reason why it could not be answered now. There is nothing much involved in it, and we shall not have another opportunity to get the answer. I do not see the reason for the delay.

EXPORT TRADE—ELECTRICAL PRODUCTS

Mr. CHURCH:

1. Has the Minister of Trade and Commerce taken any action regarding the request addressed to him by the Canadian Electrical Manufacturers' Association and dealing with the retention of their former export trade in empire markets, including Great Britain?
2. If so, what action has been taken to work out some arrangements in connection therewith without any hardship to the British dollar situation?

Mr. McILRAITH: The request referred to in part 1 of the question has been received and considered, and the answer has been given to the association.

AMMONIUM NITRATE

Mr. HATFIELD:

1. For what quantity of ammonium nitrate were export permits issued from January 1, 1947, to June 1, 1948?
2. What quota for the export of ammonium nitrate did Canada hold during the 1947-1948 season?
3. What was the value per ton on the above exports?
4. What was Canada's allotment in the international pool of ammonium nitrate?
5. To whom were the export permits issued and for what quantities?

Mr. McILRAITH:

1. Export permits were issued from January 1, 1947 to June 1, 1948, for an amount of 203,156 short tons of ammonium nitrate material. It is not known what portion of this was actually exported.

2. There is no quota in terms of specific nitrogen material. Allocations are established on basis of total nitrogen in terms of metric tons N. Export permits are approved on cyanamid, ammonium nitrate, sulphate of ammonia and ammonium phosphate after Canadian requirements are supplied. The exportable surplus of nitrogen, which includes the above products for the fertilizer trade year 1947-1948 amounts to 132,422 metric tons N.

3. Export prices vary according to supplying companies and countries of destination.

4. No allotments of ammonium nitrate specifically. Allocations of nitrogen are set up by the international emergency food committee on a total nitrogen basis, regardless of the nitrogenous material.

5. It is not in the public interest to disclose the private business of the individual concerns.

PASSPORTS FOR INFANT CHILDREN

Mr. CASTLEDEN:

1. Were any passports issued by the Department of External Affairs during each of the years, 1944, 1945, 1946, 1947, and up to March 31, 1948, to permit the expatriation of babies from Alberta on the application of the superintendent of child welfare of that province?

2. If so, how many and in favour of what countries?

3. How many were issued to each country during each of these periods?

Mr. ST. LAURENT: I had a word with the hon. member and explained to him that the information requested by his question had been prepared with respect to the years 1945, 1946 and 1947 and could be supplied at once, but that to prepare it for 1944 and 1948 would take a considerable time. I understood him to say that he would prefer to have the answer for 1945, 1946 and 1947 at once, and on that understanding I am giving that information now.

1. Yes.

2. 1945, 54; 1946, 64; 1947, 11. United States, Costa Rica, Panama.

3. 1945—United States, 53; Costa Rica, 1. 1946—United States, 62; Costa Rica, 1; Panama, 1. 1947—United States, 10; Costa Rica, 1.

Mr. CASTLEDEN:

Have protests been received by the government from federal or state child welfare authorities of the United States against the granting of passports for the entry of infant children into the United States from Alberta?

Mr. ST. LAURENT: No protest has been received so far as is known by the government.

Mr. CASTLEDEN:

1. What check is made of infant children crossing the Canadian border with foster parents from the United States?

2. Are any children permitted to cross the Canadian border into the United States without passports?

Mr. ST. LAURENT: If crossing temporarily, no passports are required by any Canadian citizens. If entry is for permanent landing, children will require passports.

VETERANS AFFAIRS

QUESTION AS TO VETERAN T. HARVEY

On the orders of the day:

Mr. J. H. BLACKMORE (Lethbridge): Mr. Speaker, I should like to direct a question to the Minister of Veterans Affairs, or to his parliamentary assistant, or to the government. Will the minister ascertain and announce to the house at the earliest possible date the answer to each of the following questions:

1. Where is veteran T. Harvey, Regimental No. D76502 and pension No. 550593, known to have been discharged from Ste. Anne's hospital, Ste. Anne de Bellevue, P.Q., on June 14, 1948; known to have been in Ottawa June 17, 1948; known to have been at 507 Place d'Armes, Montreal, some time since June 17?

Mr. SPEAKER: I suggest to the hon. member a question of this kind should be placed on the order paper.

Mr. BLACKMORE: Mr. Speaker, the matter is too urgent for the order paper.

Mr. SPEAKER: Order. I am sorry to interrupt the hon. member, but according to the rules of the house, he is asking the perfect type of question for the order paper.

Mr. BLACKMORE: It is certainly an urgent matter.

WHEAT

EXPORTS TO THE UNITED STATES

On the orders of the day:

Hon. W. EARL ROWE (Dufferin-Simcoe): In view of the change of policy announced by the Minister of Trade and Commerce on June 18 with respect to the removal of price ceilings on Ontario wheat, can he tell us now, especially having regard to the crop year beginning July 1, whether the export of wheat can be made to the United States without permit?

Right Hon. C. D. HOWE (Minister of Trade and Commerce): It depends on whether the international wheat agreement is implemented. At the moment there is nothing to interfere with the export of Ontario wheat.

Mr. ROWE: In view of the importance of having the matter clarified before harvest, will the minister indicate whether Ontario farmers will be free to export wheat to the United States?

Mr. HOWE: I have indicated that at the moment the government policy is that Ontario wheat may be exported. Any change in government policy will be announced in due course.

Mr. STEPHENSON: May I ask a question supplementary to that asked by the hon. member for Dufferin-Simcoe? Can buckwheat be exported under the new regulations the minister mentioned?

Mr. HOWE: It is my understanding that buckwheat, like other coarse grains, is subject to export control.

POSTAL ROUTES

AIR MAIL RATES TO YUKON

On the orders of the day:

Hon. ERNEST BERTRAND (Postmaster General): Yesterday a question was asked by the hon. member for Yukon with reference to air mail. I have the answer today.

Under the arrangements completed for the conveyance of letter mail by air, to be effective July 1, 1948, all letters weighing one ounce or less will be given air transportation when, by doing so, delivery to the addressee can be expedited. While the great bulk of such conveyance will be undertaken by Trans-Canada Air Lines, it is the intention to use also all other feeder air lines which now carry mail. Points removed from T.C.A. main lines and outlying areas generally, including Yukon territory, will thus be brought within the orbit of this new and improved service.

PRICES

MEAT PRODUCTS—REQUEST FOR IMPOSITION OF CEILING PRICES

On the orders of the day:

Mr. RONALD MOORE (Churchill): I wish to direct a question to the Minister of Finance. It is based on a statement made by the minister in reply to a question on price control which will be found at page 1864 and page 1865 of *Hansard* of March 4, 1948. The question is this. Now that current prices for meat and meat products have increased beyond former ceiling prices, will the minister use the price control machinery which he referred to on March 4 and impose price ceilings on meat products to protect consumers?

Hon. DOUGLAS ABBOTT (Minister of Finance): The question of imposing a ceiling on the retail price of meat is a very complicated one, as I have indicated in the house before. It involves working out individual ceiling prices on 200 items. The price of meat, as hon. members know, has risen since the end of January or early in March, whenever that statement was made, and the ceiling which had been established at that time would bear no real relation to the present prices. The question whether any such action might be taken is a matter of government policy on which I am not prepared to make a statement at the moment.

BUSINESS OF THE HOUSE

REQUEST FOR ANSWERS TO QUESTIONS ON ORDER PAPER

On the orders of the day:

Mr. DOUGLAS G. ROSS (St. Paul's): I wish to ask a question of the Prime Minister. In view of the fact that the session is nearing an end, and as several questions on the order paper have not yet been answered, will it be possible to have questions called tomorrow?

Right Hon. W. L. MACKENZIE KING (Prime Minister): I think my hon. friend's request is quite reasonable. I will ask my colleagues to endeavour to have the answers ready, if possible.

P.E.I. FERRY SERVICE

RETURN TO SERVICE OF S.S. "ABEGWEIT"

On the orders of the day:

Mr. W. CHESTER S. McLURE (Queens): I wish to direct a question to the minister of Transport. Is the S.S. *Abegweit* back on the Borden-Tormentine ferry service? If not, when may we expect it to be back?

Hon. LIONEL CHEVRIER (Minister of Transport): I am happy to tell the hon. gentleman that the S.S. *Abegweit* sailed from Montreal yesterday. By today it should be in service on the route between Tormentine and Borden.

TELEGRAPHS AND TELEPHONES

TRANSFER OF CONTROL AND SUPERVISION

On the orders of the day:

Hon. LIONEL CHEVRIER (Minister of Transport): I should like to reply to the question asked yesterday by the hon. member for Ottawa East (Mr. Richard), with reference to the transfer of government telephone and telegraph services to the Department of Transport, and whether the Bell Telephone company had been consulted in connection with them. The order in council which was tabled yesterday provides for the transfer of the government telephone and telegraph services to the Department of Transport, save and except those telephone services within the area of the city of Ottawa which will be assigned to the Department of Finance. A certain number of the personnel who were in the Department of Public Works will be

assigned to the radio service branch of the Department of Transport. I made the answer yesterday that I was not aware of any negotiations which had been undertaken by the Bell Telephone company with regard to that part of the government telephone and telegraph services which have been assigned to transport; and I find that to be the case.

INCOME TAX ACT

REVISION AND CONSOLIDATION

Hon. DOUGLAS ABBOTT (Minister of Finance) moved the third reading of Bill No. 338, respecting income taxes.

Mr. RODNEY YOUNG (Vancouver Centre): Before the bill is read a third time I should like to make a few remarks with reference to the three per cent tax on co-operatives. Since I arrived in this house I have been inundated with telegrams and letters about that particular section, which is of immense importance to my constituents.

It seems to me that there is a great deal of difference between the principle of the co-operative societies and the principle of normal business, and that the effect of this three per cent tax is to treat the co-operative societies as if they were in business in a normal sense. The effect of the operation of the co-operative societies during the present period of high prices has been to protect the small income man and protect the consumer from the increase in the cost of living. I suggest, therefore that it would be excellent policy on the part of this house to do what it can to protect these organizations in their efforts to give the consumer a decent break.

I should like to point out that certain hon. members, in discussion since I arrived in this house, have more or less publicly regretted that organizations such as trade unions, which originally existed for non-political purposes, have seen fit lately to assume a political complexion. I should like to assure hon. members who make these references that there is a reason for such action on the part of the trade unions. The reason is that they have felt that in the exercise of their function as trade unions, they have not been given sufficient protection by this government and preceding governments, and consequently it has seemed to them to be wise to support one political party rather than remain non-political. I suggest that hon. members of the house who disapprove this course should take into consideration past history in dealing with the circumstances of the co-operative societies.

Mr. SPEAKER: Order.

Mr. YOUNG: I am speaking—

Some hon. MEMBERS: Sit down.

Mr. SPEAKER: I must call the attention of the hon. member to the fact that on second and third reading of a bill only the principle may be discussed, and not the particular clauses. Discussion on the clauses of the bill should take place in committee.

Mr. MacINNIS: It is the principle of the whole bill.

Mr. YOUNG: The principle of the bill, so far as I have analysed it, is to regard the co-operatives as normal business houses engaged primarily in trade for the purpose of making progress for their investors, their shareholders, or the associated people in co-operatives. My contention is that it is precisely because the bill regards the co-operative societies in this light that it is not fulfilling the intent of taxation in the normal taxation of the business world. The co-operatives are organizations of consumers designed to protect consumers against the business world, not organizations of consumers to go into business for the express purpose of making profits.

Mr. ISNOR: Where do they get their reserves?

Mr. YOUNG: In any case where people co-operate in order to purchase or to sell products, capital investment is necessary to the continuance of their business.

Mr. ISNOR: Where do they get their reserves?

Mr. YOUNG: They get them by laying aside a portion of the part of the costs which otherwise they would have had to pay to private business in the form of profits.

Mr. ISNOR: That is the word.

Mr. YOUNG: The purpose of this bill is the taxation of profits, not taxation to prevent profits. The members of co-operatives are endeavouring to reduce the cost of the commodities which they have to purchase in order to live. Hon. members on the opposite side of the house may find my contention difficult to understand. I have no doubt that it is alien to their philosophy, but I still believe it is correct.

Mr. ISNOR: Profits are profits.

Mr. YOUNG: I believe that in the course of time hon. members will come to see this point of view. Otherwise they will suffer the misfortune which came upon those in Great Britain who took the attitude that is now being taken on this bill. The net result was

that during the first great war the co-operative societies, which formerly had been non-political, were forced into the political field.

Mr. SPEAKER: Order.

Mr. YOUNG: I am speaking—

Some hon. MEMBERS: Sit down.

Mr. SPEAKER: I must point out to the hon. member that he is completely out of order. We have before the house an act respecting income taxes. I cannot permit the hon. member to discuss political systems and so on. He should confine himself to the bill which is before the house.

Mr. YOUNG: Mr. Speaker, as you are aware, it is not my intention to break the rules of the house; but, because of the well-placed interruptions of other hon. members I have been diverted from my original intention.

In conclusion let me say that there are a million and a half people engaged in and connected with 4,500 co-operatives. Those people are trying to reduce the cost of living. They are bearing a heavy burden of taxation, particularly in the form of indirect taxation which all those whose salaries and wages are in the lower brackets are compelled to pay. I suggest that any effort the department can possibly make to reduce this three per cent taxation on organizations which no doubt have had beneficial effects upon our national life, would be in the interests of the country as a whole and would do a great deal to prevent the lowering of the standard of living brought about by taxation methods in other spheres.

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

SUPPLY

The house in committee of supply, Mr. Macdonald (Brantford City) in the chair.

DEPARTMENT OF MINES AND RESOURCES

Indian affairs branch—

213. Branch administration, $110,187.

Mr. MacINNIS: Mr. Chairman, at the adjournment last night I had begun a few remarks in relation to this matter. Those of us who were in the house at that time will recall the remarks of the hon. member for Nanaimo. I had pointed out that the conditions to which he referred in the Indian reservation in his constituency were similar to those in most, if not all, of the reserves across Canada. I suggested then, and I suggest now, that we should not try to force through these important items in the estimates without a thorough discussion on Indian affairs.

For the last three years we have had a committee looking into this matter, and a report has been tabled. Before we deal with these estimates we should have a discussion on that report. We should know what the recommendations are, and what the government intends to do with them. One of the last observations made last evening was that of the hon. member for Essex West, to the effect that he intended to move the motion standing in his name in *Votes and Proceedings* for the adoption of the report. I regret that when the order for motions was called this morning, he did not so move.

I submit we should have a debate on that report before we can deal properly with these items in the estimates. If the hon. member does not intend to move the adoption of the report, then someone else should do it. Before we leave this session we would have some understanding as to the government's intention in connection with the investigation which has taken two years of joint effort of the House of Commons and the other place.

Mr. CHURCH: While I am a member of the committee on Indian affairs, unfortunately I was not able to attend all its meetings. However I wish to compliment the committee on the progress it made in informing the people of the country with respect to those who were here hundreds of years ago, a long time before the coming of the early settlers. They were here hundreds of years before the French came to Canada.

These people have been considered good enough to help serve in our armed forces in two wars, and they should be considered good enough to be made citizens of Canada. I would wipe out the whole administration of the Indian affairs branch, from top to bottom, and make the Indians citizens of this country. Long ago all the restrictions in the treaties with respect to tribes should have been abolished, because the treaties will have to be carried out anyway. The provisions are set out in the act.

A large body of public opinion was represented before the committees of last year and this year, and the representations made there had the support of the Christian churches of Canada. They supported not only the giving of votes to the Indians, but full rights of citizenship. In my view the joint committee required to answer only two questions: First, are you or are you not in favour of the present system respecting the status of the Indians under treaties? Second: Are you in favour of a modern new day for Indians of Canada, as they have in the United States under the supervision of their secretary of the interior?

The committee has made some progress. Indian affairs are handled by a branch of the administration. Perhaps I should say nothing more this morning, because I want to see the estimates put through as quickly as possible. Too much time has already been wasted in our proceedings.

Credit for the great improvement in the Indian situation should go to the hon. member for Calgary East (Mr. Harkness), who in the first session of this parliament introduced a motion calling the attention of the country to the position of the Indians, following which a committee was appointed. In 1946 the committee received representatives of all the Christian churches in this country, as well as large delegations representing other interests. That work was continued last year and this year. The committee has had a great many meetings, and I appreciate the work that has been done by its members, the chairman and the officials of the department.

This is my policy as far as the Indians are concerned. I would give them full status as citizens and, with that status, all the other services which are corollary to it, social services and everything else. The sooner this country awakens to the fact that there must be a happier day for these people, the better it will be for all concerned. Look at the northern parts of this country, which Frobisher, Hudson, Mackenzie, Fraser and all those other great men explored in the early days. Not a cape was rounded or a river entered without an Indian in a canoe leading the way for these pioneers of civilization. At the present time a large body of public opinion is very much disappointed at the little progress that has been made, at the suffering of the Indians in many parts of the north through lack of hospitals, schools, and nursing and other necessary services.

This government has made some improvement in past years, but I do not believe it has gone far enough. These are the views I have always held on this question. One of the recommendations of the committee, I believe, is that the Indians should be given the vote. They should have had it long ago. They were good enough to fight in defence of our country in many wars, and they should be good enough to be treated as citizens and human beings. All too often we forget that they are human beings. While something has been done to improve their condition, I believe a better day should be dawning for the Indians of this country.

Mr. CASTLEDEN: The first question I would like to ask the minister is whether or not it is possible for this department to give us a report. I notice that no report has been issued by his department for this year. The last one was for the year ended March 31, 1946.

Mr. MacKINNON: That matter was thoroughly dealt with when my estimates were discussed in the house yesterday or the day before, and a complete and I think satisfactory explanation was given. It was to the effect that in the preparation of the report there was some delay owing to the scientific information involved, but it is now in the hands of the printer, and may be distributed even before the end of this session. I further stated that it would be the objective of the department in future to have this report prepared as early as possible so that it would be in the hands of members of the house early in the session.

Mr. CASTLEDEN: Without the report it is difficult to estimate the progress that has been made or discuss the estimates of the department. It is particularly difficult to discuss the work of the Indian affairs branch without having before us full information.

Mr. MacKINNON: I do not want to interrupt the hon. member, but he has the advantage of being on the Indian affairs committee, and I am sure he is well informed on all matters which were discussed there.

Mr. CASTLEDEN: But we have no record, for instance, as to the progress made during the last year in respect to education. I am a member of that committee, where I think a great deal of good work has been done. After years of protestation in this house it was finally agreed that the act would be revised after the war. Finally in 1946 the committee was set up, and began its work about May of that year. For three sessions the committee has been carrying on its investigations. Last evening, commenting on the progress made, I said I was glad that something had been done. In view, however, of the serious situation prevailing among most of the Indians of this dominion, it is greatly to be regretted that more progress could not have been made. The committee has been sitting for three years; a report has been presented within the last few days, and we expected it would be moved today.

After three years of work we have the committee bringing in a report recommending that a claims commission be set up to deal with the matter of Indian treaties. If that commission is set up next year it may carry on its work for another three years. If it was the

intention of the committee that such a commission should be created, that might well have been done three years ago and the whole matter could have been dealt with now. I think members of the committee will agree that the matter of Indian treaties is far too detailed and much too broad in its implications to be satisfactorily dealt with by a committee of this house. A claims commission, somewhat similar to the body which was set up in the United States, has been found necessary.

The Indians in Canada are under treaties, some of them hundreds of years old, and some only fifty or sixty years old. The various bands of Indians have different ideas as to what their treaties mean. Some have copies of their old treaties; some have not. One of the problems involved is the holding of property. The Indians of the Oka reserve, for instance, are under the impression that they own property in that area, but they have no title and no copy of their treaty, which seems to have been lost; therefore they find their property being taken from them. The Six Nations Indians believe that under treaty they have a right to govern and control that part of Canada entirely on their own. Throughout the whole question of treaties and treaty rights there are complications and implications which must be determined by someone. There is a great deal of dissatisfaction among the Indians because there is no clearly defined line of demarcation.

The time is long past when this matter should be dealt with to the satisfaction of the Indians as well as the white men. Under these treaties, for instance, the Indians were to be guaranteed the right to keep on hunting and fishing. Since the federal government turned over the natural resources to the provinces, however, the provincial governments have passed legislation prohibiting the Indians from hunting and fishing in certain areas, and they think that is an infringement of their treaty rights. Consequently they are asking for redress, but they do not get much satisfaction from the provincial authorities, who do not recognize any responsibility in this regard.

I regret very much that the claims commission was not set up years ago. In the report of the committee, which we thought would be moved this morning, I find this recommendation:

> Your committee deems it advisable that, with few exceptions, all sections of the act be either repealed or amended. The law officers of the crown would, of course, need to make other necessary and consequential revisions and rearrangements of the act which, when thus revised, should be presented to parliament as soon as possible, but not later than the next session.

I think it is to be regretted that a revised act was not available to this house this session. As I said before, conditions are so seriously below par, so bad in some areas, that the Canadian people cannot but be ashamed that such things should exist within our own borders.

The committee is also recommending that it continue its work next session. During this session the sittings of the committee have been taken up almost entirely with revision of the act. We went through it clause by clause. We made our recommendations, and discussed matters with the officials of the department. There is a great deal of regret among hon. members that no bill is to be available for presentation at this time. The matter is much too urgent to be delayed any longer. To some of us it seems apparent that it is a matter of policy, that a policy has not been settled upon by the department in connection with many of these matters. I think it is time that that was done and the matter referred to this house for final settlement.

Another recommendation by the committee reads as follows:

> Your committee recommends that a commission in the nature of a claims commission be set up, with the least possible delay, to inquire into the terms of all Indian treaties in order to discover and determine, definitely and finally, such rights and obligations as are therein involved and, further, to assess and settle finally and in a just and equitable manner all claims or grievances which have arisen thereunder.

One of the things basically wrong with the administration of Indian affairs is the attitude of the people of Canada, the government and the officials of the department toward the Indians. They are treated as wards and inferiors. Complaints were presented to the committee by Indians concerning the treatment they had received from many agents, and they revealed a situation which should not exist. We should take the Indians into our confidence; we should place our cards on the table and discuss with them a solution of this problem.

I regret that this report does not contain more reference to co-operation between those who are determining the welfare and the future of the Indians, the destiny of the Indians, and the people who are responsible for the administration of their affairs. These people should be called into consultation. If we are to discuss treaty rights, surely the people who signed the treaties, surely those who are concerned with the administration of those treaties, should have a voice in the council chamber. They should be sitting around the table so that agreement could be reached. The various bands should select those whom they want to repre-

sent them in the council chamber. It is vital that these people should have some say in the shaping of their own destiny. Otherwise they will say: This is just being given to us; we have no voice in it; we have nothing to do with it but accept it; we have no appeal.

We are falling down in not arriving at a policy and determining the future of these people. I think in every case where a claims commission is set up, the Indians who are governed under the various treaties should be permitted to select their own representatives and not be represented by someone selected by the Indian affairs branch.

It is evident that one of the things which causes considerable difficulty in administration is the definition of "Indian". I realize that this may present certain problems, but here again Indians should be selected. There should be a decision as to the line of demarcation between what may or may not be an Indian, whether he should be a full-blooded Indian or whether there would be included those who have been under the treaties for many years but who may not be in a direct blood line from a native. The Indians themselves should have more to say in that regard.

Another matter which causes a great deal of concern among the Indians is their liability to pay taxes without having a voice in the affairs of the country. They are being taxed without being given representation. However, there are two sides to this question. It was apparent throughout the sittings of the Indian affairs committee, particularly during the past year, that the Indians' side of the question has not been presented by the representatvies of the Indians. I am not speaking in any derogatory way of Mr. Norman E. Lickers, who was selected by the committee as a sort of legal adviser and liaison officer. He was employed by the committee and gave valuable assistance in the carrying out of its work. He is proof of the capacities of these people if given the proper education and opportunity. I think he felt, however, that he faced difficulty in trying to represent the 130,000 Indians across Canada.

I think this matter of voting has been badly handled. If you look over the minutes of the meetings of the committee you will find it was unanimous in the view that to offer the franchise to the Indians would in no way interfere with their rights or privileges. But that was not made clear either in the report to this house or in the reports which have gone out across Canada. The result has been protests from the Indians and from their organizations. Many of them do not want the franchise; they want to remain as Indians. They do not desire to become Canadian citizens with all that that implies. They feel that they have certain rights or privileges which should be respected. My quarrel is that when the recommendation was made to the house that the Indians be granted the franchise, it was not made clear that the exercise of that franchise would not be considered a means by which the Indians would be deprived of any of their rights and privileges.

Another matter is the encroachment of white persons upon Indian reserves. This is something which is causing great concern to the Indians on the reserves. In some parts of Canada the reserve is owned in common; there is no separate leasing of property by individual Indians. In other areas the Indians have been able to get some sort of claim or title to their property and have been able to dispose of it, and in some instances property has been sold to white people. The result is that many Indian reserves are becoming badly split up. Complaints were made recently about white people moving on to the Caughnawaga reserve and building houses.

In order to settle these matters there should be representation of all sides. Great care should be taken to see that justice is done to these people and their welfare protected. The early treaties should be respected in every way.

The ninth clause of the fourth report, which we expected to be moved this morning, reads as follows:

> In 1946 and again in 1947 the joint committee on the Indian Act made recommendations with regard to administrative improvements which could be effected without the revision of existing legislation and which, when put into effect, would remove some of the causes out of which arise grievances and complaints of many Indians.
>
> There are still some "administrative improvements" which your committee deems advisable.
>
> Your committee, therefore, again recommends that the administration of all aspects of Indian affairs be placed under one ministerial head.
>
> Your committee reiterates the recommendation made by the 1947 joint committee on the Indian Act, viz:
>
> 10. The director of the Indian affairs branch . . . should be named a commissioner who shall have the rank of a deputy minister and shall have at least two assistant commissioners of whom one should be a Canadian of Indian descent.

I hope that every effort will be made to implement that recommendation, and that, as far as possible the choice of a commissioner will be made as a result of the recommendations of the Indians themselves.

The history of the dividing of the authority and the work of the Indian affairs branch

under two heads dates from the time the department decided that the condition of health among our Indians was generally so bad that it would require special care and special work. Last year the government set aside several millions of dollars to undertake a survey of the health of the Indians. The Department of National Health and Welfare did a splendid job, and is continuing its work to remedy some of the deplorable conditions which exist among the Indians, particularly in the outlying settlements.

The proceedings of the Indian affairs committee revealed that the matter of Indian agents was a serious one for the department. The officials of the department agreed that the key to much of the proper administration of the department depended upon the type of agents selected. It was revealed in the committee that many of the agents appointed, some of them part-time, some of them with very little education, had few qualifications for the position. For instance we found an Indian agent in charge of several agencies, some of them three or four hundred miles apart. We found an agent living in one part of a province and his agency in another. It was possible for him to visit some of the agencies, where hundreds of these Indians live, only once or twice a year. How can an agent properly administer the affairs of an agency under those conditions? This is just an example of the neglected condition into which the administration of the Indian affairs of Canada has falled over many years. It has fallen into bleak neglect.

In recommendation No. 11 the committee suggested advisory boards. It said:

> Your committee recommends that the government consider the advisability of appointing such advisory board or committees as, from time to time, are deemed necessary for the carrying out of the provisions of the Indian Act.

Some hon. MEMBERS: Carried.

Mr. CASTLEDEN: If some of these fellows who called "carried" would come in here and discuss this matter I should be glad to accommodate them.

Mr. HACKETT: Honourable gentlemen!

Mr. CASTLEDEN: Thank you for the correction.

Mr. GILLIS: When they are in the house.

Mr. CASTLEDEN: The original report of the committee emphasized the need of changing the educational system and the whole set-up of the education of our Indians. If there is any hope for these wards of our country it lies in the administration of our educational facilities and in the way we train them.

[Mr. Castleden.]

The last report that I have received on Indian affairs, which is dated 1946, revealed that about some 18,000 Indians were being trained. It showed that only about 130 reached grade 9 or were attending grade 9 classes. Out of 30,000 Canadian Indian children between the ages of seven and sixteen, only 130 reached grade 10. This fact has to be faced by this government. At the time of the last report, forty per cent of all the Indian children in those ages were receiving no training whatsoever. How can any people expect to attain any status, advancement or progress in a world such as we have today when forty per cent of the children are denied an education?

I appreciate what the government has done in the past year. I have been pleased with the progress which has been made. New blood has been brought into the department, persons who seem to be concerned about the welfare of the Indians. Money is being spent. This year I think an appropriation is being set aside to set up a few schools. But the program is entirely inadequate. I have yet to find evidence that the government has decided upon a policy with respect to education. It is time that a policy was decided upon and brought down to the house and accepted by the house, and something done to tackle the problem. To my way of thinking that is the basis upon which we shall succeed in the treatment of these people and in raising them from their present depressed state. Until this foundation stone is laid, until we have proceeded along some definite line of training, the future is mighty dim for these people.

The records will show that after the Indians pass through what educational facilities are given to them they are not fitted for their new positions; they are not trained to fit into the life of their reserves or to enter into the life of their white neighbours. They are left there, and they are just drifting. Without proper training there is no hope. After three years of study of this matter, surely the officials of the department ought to be able to bring down a policy. The committee has received evidence. The committee has studied the question to the best of its ability. The committee has expressed its opinion on the matter. It is time that a policy was arrived at.

In the past the education and training of our Indians has to a large extent been left to the various church organizations. They have looked after the education and training of the Indian children. Results have not

proved that that system has been to the best advantage of the Indian. Half of the Indians are now being trained in residential schools and the other half in day schools. The religious organizations themselves are not satisfied with the job they are doing. Some of them are willing to withdraw from the field. Some of them feel that the policy is wrong, that they are not able to continue, even with the grants that are given to them, amounting to an average of about $200 per child.

Mr. HACKETT: Will the hon. gentleman say what religious organizations are willing to withdraw from the missionary field?

Mr. CASTLEDEN: I did not say the missionary field; I said the educational field. On two occasions the Church of England and the United Church expressed themselves as willing to withdraw. They said that they were quite unable to cope with the situation. The difficulty with the whole matter at the present time is that there has been a failure to arrive at some policy. Until we arrive at some policy we cannot go forward. The time is long overdue to have this matter threshed out. The government should decide what it is going to do. It should pass these regulations and get the act into operation so that we can lay the foundation for a better day for our Indians.

The most hopeful sign that I have seen in the proceedings of the committee is the changed attitude of the Indians themselves. I happen to be in close contact with an Indian organization in my own province, the Union of Saskatchewan Indians. I have been in contact with similar organizations in Alberta, British Columbia, Ontario, and with the North American brotherhood. After the committee started its operations, after it started delving into Indian affairs, the Indians were asked to appear to present their case. They came and presented their brief in a very fine way. Some of these people are hopeful that a new day is dawning for them, that they are to have an opportunity to be led out of the condition of depression and neglect and hopelessness in which they have been left for too many years—something which is a disgrace to the Canadian people and the government of Canada.

These people are looking with hope to this house and I think it is shameful that we have nothing more to bring forward at this time than a recommendation that the committee should sit again. A draft of the revised act should have been prepared by this time, and, after consultation with the Indians through their organizations, presented to the house. The Indians have been denied the right to sit in consultation with the committee on the drafting of reports and recommendations. I suggest that before an Indian act is presented to the house the Indian organizations themselves should be given every opportunity to discuss the terms of the act, so that they may feel that their white brothers have considered them of sufficient importance to consult them with regard to their future.

Mr. MacKINNON: Some of the remarks of the hon. member indicate with approval that there has been considerable improvement lately, with the prospect of further improvement.

Mr. CASTLEDEN: That was my first remark yesterday.

Mr. MacKINNON: The hon. gentleman suggested that an Indian act should have been ready by now, but no one knows better than he that the Indian Affairs committee concluded its sittings only on Monday of this week, and this is Thursday. The hon. member also argued that the Indians themselves should have an opportunity, before the act is prepared, to sit in and discuss it. I do not propose to follow his speech, but I should like to make some reference to what has been said.

I think the department is doing very much more for the Indians this year than hon. members are aware of. It is quite possible that, as a direct result of the way in which the estimates are handled, partial information is secured by members from the estimates without very much knowledge on their part of what is provided by the department for the year. The hon. member for Nanaimo spoke last evening about conditions on certain Indian reserves on Vancouver island. The department is aware of the conditions to which the hon. member referred, and efforts are being made to improve them.

The hon. member went on to draw an unfavourable comparison between the amounts being spent on certain road and other services in the national parks and the amount included in vote No. 214, which refers to Indian agencies. He indicated that the amount of the latter vote was inadequate for Indian housing. Actually, of course, there is no proper basis of comparison between these two estimates. The Indian agencies vote is used in the main for the payment of the field staffs of the Indian affairs branch. It has nothing to do with housing.

We know that housing conditions on some of the Indian reserves are unsatisfactory, and

we have done something and hope to do much more to help the Indians to change these conditions for the better. We have under consideration a housing program that would involve an initial outlay of some $2,000,000. This program has been delayed for the reason that it has been found impossible to secure the necessary labour and building material to proceed with a worthwhile program. In the meantime, a number of sawmill outfits have been purchased by the department and established on Indian reserves, with the object of providing the lumber, when seasoned, for the construction of houses. The department this year aims at constructing ninety-five additional Indian classrooms for the education of Indian children, and seventy-five administrative buildings—houses for agents, warehouses, offices, et cetera.

The house will be interested in having a clear picture of how the expenditure on Indian affairs has been increased in recent years. In the year 1936-37 the total expenditure of the branch was just over $5,000,000. For the present year the expenditure, including supplementary estimates and health services, is almost $26,000,000. There has been a more substantial increase in the expenditures of this branch than in any other major unit of the public service. I am not suggesting that it is sufficient, but the department is concerned with the problem, is giving it its best attention, and is depending upon the Indian affairs committee for guidance.

As I have said before we are not satisfied with what has been done in connection with Indian affairs. We hope, however, that as a result of the work of the joint committee on Indian affairs, it will be possible to proceed with our program of educational, welfare, and other developments in a manner that will bring the maximum benefit to our fellow citizens of the Indian race.

I may add that in the Indian affairs branch alone for this year there is provided through the estimates, including the supplementary estimates, an increase of $4,700,000 over last year, and in addition there is an increase in the health services for Indians of over $2,000,000 as compared with last year.

Mr. CASTLEDEN: Is that in the Department of National Health and Welfare?

Mr. MacKINNON: The last item is. The amount of $4,700,000 is an increase in Indian affairs in my department, and the $2,000,000 is an increase in the department of health.

Mr. CHARLTON: Does the minister intend to comment upon the resolution I put before the committee last night?

[Mr. MacKinnon.]

Mr. MacKINNON: The question has been referred to Justice and is under consideration there.

Mr. CASTLEDEN: With regard to the ninety-five new classrooms which it is intended to build this year, has anything been done yet?

Mr. MacKINNON: The building program is proceeding immediately, and I am informed that it is quite promising. The program will be carried out in full.

Mr. CASTLEDEN: What have they to expect in the way of a future program? Ninety-five classrooms will not take care of 12,000 children.

Mr. MacKINNON: It is a start.

Mr. CASTLEDEN: Is it intended to extend that next year?

Mr. CHARLTON: In view of the fact that the minister has referred to the report of the Indian affairs committee, I think we should have some assurance from him that there will be an opportunity to discuss it later, or we can have the discussion now. Which does he prefer?

Mr. MacKINNON: I do not think that on my estimates I could object to any discussion of the Indian affairs report.

Mr. CHARLTON: I do not wish to hold up the minister's estimates but I am not sure whether the chairman of the Indian act committee intends to move concurrence in its report. This might be our only opportunity to discuss the report. I want an assurance that we shall have an opportunity later; otherwise I want to do it now.

An hon. MEMBER: Do it now.

The DEPUTY CHAIRMAN: Shall the item carry?

Item agreed to.

Indian affairs branch—

214. Indian agencies, $1,963,366.

Mr. CASTLEDEN: There is an increase here of half a million dollars. Does the department intend to increase the number of agencies in the various provinces in order to take care of the Indians in the outlying areas who practically never see the agent, or hardly more than once a year?

Mr. MacKINNON: I could not hear the hon. member's question sufficiently well to follow it, but my officials tell me that the inquiry is as to the number of officials that will be required for the establishment of additional agencies.

Mr. CASTLEDEN: How many new agents and employees of the department are there to be, having regard to the increased estimates, in order to take care of Indians in the outlying reserves?

Mr. MacKINNON: A survey is being made by the civil service commission and the department in order to get that information.

Mr. CASTLEDEN: It is a little bit slow.

Item agreed to.

Immigration branch—

221. Administration of the Immigration Act, $494,733.

Mr. TIMMINS: I think we ought to have a statement from the minister as to the policy of Canada with respect to immigration. I should like to place on the record two statements which have been made this year. In Toronto on February 19 last the Minister of Agriculture said:

> Canada should set its immigration objective at 500,000 a year and within ten years increase it to 1,000,000 a year. We can more than double our population in fifteen years.

In an address in Ottawa on February 19, 1948, Mr. Glen, a former minister of the department, said:

> Canadians have applied for the admission of 25,000 relatives from Europe, but only 2,000 have reached Canada so far.

We know that at the present time Australia has a plan on foot for something like 70,000 immigrants a year from the British isles. As I understand it, they have been pressing Canada to enter into an empire population policy so that we would each in turn get our share of the people who are coming from the old land and from Europe as well. In an address a few months ago, a member of the British House of Commons intimated that Great Britain has a population which is far in excess of the productivity of the country— he mentioned an excess of probably 10,000,000 people. What is the policy with respect to bringing from Europe the cream of the people who would like to be here? What is the policy of the government with respect to joining with Australia and New Zealand in bringing people here from the old country? What is the policy of Canada in the light of the fact, which we all admit, that we need immigration of the best people we can get from Europe and the British isles?

Mr. MacKINNON: The policy of the government is to foster the growth of the population of Canada by the encouragement of immigration, and by legislation, regulation and vigorous administration, to ensure the careful selection and permanent settlement of such numbers of immigrants as can advantageously be absorbed in our national economy.

Under existing regulations the following classes of immigrants are admissible to Canada:

1. British subjects from the United Kingdom, Ireland, Newfoundland, New Zealand, Australia or the Union of South Africa, who possess sufficient means to maintain themselves until employment is secured.

2. United States citizens similarly possessed of means of maintenance.

3. The husband or wife; the son, daughter, brother or sister, together with the husband or wife and unmarried children; the father or mother; the orphan nephew or niece under twenty-one years of age of any legal resident of Canada able to receive and care for such relatives.

4. Agriculturists intending to farm in Canada.

5. Farm labourers, persons experienced in mining, lumbering or logging entering Canada to engage in assured employment in either of these industries.

6. A person entering Canada to marry a legal resident.

7. A person who entered Canada as a non-immigrant, enlisted in the Canadian armed forces and having served in such forces has been honourably discharged.

Provision has also been made for the admission of 30,000 displaced persons from occupied territory in Europe.

Until early in the present year the limiting factor in the movement of immigrants was the shortage of transport. In order to solve this problem active steps have been taken by the government to increase transatlantic accommodation for immigrants. Arrangements were made with the Cunard line to retain the S.S. *Aquitania* in the Canadian service, this vessel to provide 12,000 berths for immigrants from May until the end of the present year. Arrangements were made for the assignment of the D.E.V. *Beaverbrae* to service between Germany and Canadian ports, carrying 750 displaced persons per voyage.

Last month by an arrangement with Trans-Canada Air Lines the government inaugurated a scheme for the movement of immigrants from the British isles to Canada by air. The arrangement provides for 260 scheduled flights carrying 10,000 immigrants by March 31, 1949.

Mr. McKAY: Is the minister prepared to answer these few short questions: What is the number of immigrants admitted to Canada so far this year? What countries have contributed most to this flow of immigrants? Has the

minister any record of the number of emigrants from Canada, such as those who have gone to Yugoslavia and the United States?

Mr. MacKINNON: For the first four months of this year 32,492 immigrants have entered Canada. They came from thirty or forty countries, with these countries or groups leading: Great Britain, United States, and northern Europe. If the hon. member would like the figures for any particular country, I can give them to him.

Mr. McKAY: Could the minister give a breakdown of the first five groups, for instance? That would be sufficient for our purposes.

Mr. MacKINNON: The first six are:

British isles	14,942
United States	2,143
Northern Europe	3,755
The Netherlands	2,280
Polish	2,769
Ruthenian or Ukrainian	2,017

Mr. STEWART (Winnipeg North): Could the committee have a breakdown of the countries comprising the group known as northern European?

Mr. MacKINNON: Those countries are:

Belgium	389
Denmark	164
Netherlands	2,280
Finland	52
France	236
Germany	376
Norway	101
Sweden	39
Switzerland	118

Mr. MacINNIS: Do the figures the minister has given include displaced persons?

Mr. MacKINNON: Yes.

Mr. MacINNIS: Can he give the number of displaced persons for the same period?

Mr. MacKINNON: I am told it is just under 7,000.

Mr. STEWART (Winnipeg North): The minister said that among those who had been brought to this country were 376 Germans. I should like to know whether or not these are German nationals, for this reason. As the minister knows, we have in this country a substantial minority of Canadian citizens of German descent, many of whom still have elderly relatives in Germany who are living under deplorable conditions. These Canadians would like the opportunity of bringing their relatives to this country. Up to the present most of them have not been able to do so, for various reasons, I suppose the most important being that Germans are still regarded as enemy nationals.

I need not expand upon the record of Canadians of German origin in this country. In the cases I have investigated I am certain that their relatives in Germany have been as sincerely democratic and at times as fanatically anti-nazi as those in Canada. What prospect is there that these Canadian citizens may be able in the near future to bring out their relatives who are German nationals?

Mr. MacKINNON: That matter has been discussed, but as yet no decision has been reached. At the present time, since we have not concluded a peace treaty with Germany, German nationals are not admitted to Canada. I do not want to prolong this discussion, but I am sympathetic to what I believe the hon. member has in mind. I was brought up in the county of Bruce, Ontario, whose early settlers consisted of highland Scots and people of German origin, largely coming from an older generation who settled further down in western Ontario. We did not know those people as anything but Canadians. Some of them spoke Gaelic, some spoke German, but after they went to school at least they all spoke English. At the time of the first world war I would say fifty per cent of the first Bruce battalion were Canadians of German descent. In every way they were the best possible settlers and the best people we could have. They have made a great contribution to this country, not only in western Ontario but all across Canada. I am very sympathetic to the suggestion that carefully selected people with that background should be allowed into Canada as soon as possible.

Mr. STEWART (Winnipeg North): As to the 376 persons who came from Germany, were they German nationals?

Mr. MacKINNON: No.

Mr. HODGSON: Has there been much immigration from Italy?

Mr. MacKINNON: Our offices in Italy were opened very recently. I am told that 167 Italians were admitted during that four-month period.

Mr. HODGSON: I asked the question because I have a settlement of Italians in my riding, and they have been good citizens. They also have relatives they are trying to get into this country as soon as possible.

Mr. GILLIS: This matter of immigration is a broad subject. I do not expect the minister to have all the answers, but I am concerned about one thing in connection with our immigration policy as a whole—the displaced persons who are being brought to this country.

The departments of immigration and labour are pretty much involved in that matter.

In the first place the method of screening and selection employed on the other side is slow and uncertain. Transportation also has been slow, though I believe it is improving. I understand the immigration department bring in these displaced persons under contract for certain types of work, and the point I am interested in is whether the departments of immigration and labour are working closely together to see to it that we are not displacing many people in our own country in the matter of employment.

During the past several months, since this session opened, I have received letters of complaint from different sections of Canada to the effect that displaced persons coming here were actually displacing our own people in certain industries. This will create resentment and friction. I know it has interrupted completely the means taken by the Department of Labour to solve the employment difficulties in the maritime provinces. The department had a system under which our unemployed were being siphoned off to other parts of Canada. I believe it was last October that the regulations prepared for the movement of people from the maritimes into central Canada were discontinued. No longer were any people from that part of the country assisted in securing employment in central Canada.

While we are in accord, from the humanitarian point of view, with giving sanctuary in this country to displaced persons, at the same time our first obligation is to see that our own people are taken care of. There is a feeling growing up in the mining, lumbering and railway industries that these people are being used to displace Canadians who normally would be employed in these activities.

I am not being critical in what I say. I know that it is a new venture, and that the mechanics of it are in a stage of development. Great care should be taken, however, by the Department of Labour and the immigration branch, to see that our employment situation in Canada is not adversely affected. I expect that within a year or two we shall not be as favourably placed in the matter of employment as we are today. There will be a roll-back in that field. We must be careful not to aggravate the situation by accepting a policy based upon humanitarian reasons rather than economic requirements. How closely is the Department of Labour working with the immigration branch to see that these conditions are not made worse?

Mr. MacKINNON: There is an immigration-labour committee in Ottawa which decides on the number to be admitted for labouring jobs. That committee is active, and there is close co-operation between the Department of Labour and the immigration branch. In addition there are overseas eight teams connected with the immigration work, consisting of representatives from immigration, labour, national health and welfare, and the Royal Canadian Mounted Police.

Mr. GILLIS: What are the terms of the contracts under which displaced persons are brought in? How long are they under contract, and what responsibility has the government to them after the contracts are carried out?

Mr. MITCHELL: Perhaps if the hon. member would leave that question until the estimates for the Department of Labour are being considered, it might be answered then. The matter of employment service cuts across the Department of Labour.

Mr. GILLIS: I said that it was tied in. If the Minister of Labour wishes, I shall leave my question until later.

Mr. McKAY: Will the minister answer the third question I asked?

Mr. MacKINNON: We have no actual figures with regard to emigrants, and there is no way of getting them except by communicating with the United Kingdom and other commonwealth countries. I am told, however, that we are getting many more.

Mr. McKAY: From those countries?

Mr. MacKINNON: Yes, from those countries.

Mr. McKAY: Have any Chinese or Indians been admitted to Canada in the past year?

Mr. MacKINNON: Under the classification of admissible relatives during the past year, twenty Chinese and 116 East Indians have been admitted.

Mr. McCULLOUGH (Assiniboia): In spite of what the Minister of Labour said following the remarks of the hon. member for Cape Breton South, I believe we should have some report from the Minister of Mines and Resources respecting our policy of immigration.

Mr. MacKINNON: I have just given that information.

Mr. MITCHELL: The hon. member was not in the house.

Mr. STEWART (Winnipeg North): Does the government take full responsibility for the selection of all immigrants coming to this

country? I have heard of one or two groups working in Europe in the selection of immigrants to come to Canada. While at a later time they may have had the assistance of federal authorities, it would seem that in the first instance selections were made by non-governmental groups.

Mr. MacKINNON: The international relief organization selects possible immigrants and recommends them for immigration. After screening, they are accepted or rejected.

Mr. STEWART (Winnipeg North): I assume that on the international refugee organization teams there are Canadian personnel who make the selections for Canada. I want to be sure of that. Are there non-Canadian personnel who are choosing immigrants to come to Canada?

Mr. MacKINNON: As its name suggests, the refugee organization is an international organization. There are Canadians on the team, and they are all working together.

Mr. STEWART (Winnipeg North): I wish to be certain that Canadians are choosing the immigrants who will come to Canada.

Mr. MacKINNON: There is no question about it. The final choice is by Canadians.

Mr. GAUTHIER (Portneuf): I should like to know something about the emigration movement of Yugoslavs leaving Canada to rebuild the Yugoslav republic. It would appear from a statement made by Mr. Yardas, as it appears in this morning's *Gazette*, that these people are going to Yugoslavia because they have been displaced by newcomers from displaced persons camps. The hon. member for Cape Breton South has mentioned that some of our fellow citizens may be replaced by the bringing in of too many from overseas. Mr. Yardas has made this declaration after speaking to some of the Yugoslavs returning home.

What is the government's policy respecting those who, having left Canada, return here after a year or two? I know there are not many of them, but there are a few. Is the government taking strict precautions in respect of these Yugoslavs who are coming back? I am afraid they are back here to spread Tito's philosophy. The government will have to take every possible step to see that those coming back will not give us trouble through the spreading of that philosophy.

Mr. MacKINNON: The subject of Canadians of Yugoslav origin who leave Canada is not a matter for this department. Should any of the persons to whom the hon. gentleman has referred attempt to enter Canada again, they would have to do so as new immigrants. Because of their action on leaving Canada in this way, they would be subject to strict screening.

Mr. GILLIS: Has the department had to deport any displaced persons who entered this country within the last year?

Mr. MacKINNON: No.

Mr. GILLIS: I am basing my question on a recent press report. The newspapers should not mislead us. According to these reports, five people entered Ontario illegally last year.

Mr. MITCHELL: That is a different case altogether.

Mr. GILLIS: It was stated that the immigration branch had to pick them up and return them to the old country. What was the procedure followed on the other side that made it possible for these people to enter this country illegally? Were our own officials tangled up in some way?

Mr. MacKINNON: Most certainly not.

Mr. GILLIS: They came in with passports.

Mr. MacKINNON: Anyone familiar with immigration knows that many people get into Canada illegally, with forged passports and in other ways. The officials of the immigration branch are on the lookout for these people all the time. They pick them up and deport them. In some cases they appeal to the minister, and the whole matter is carefully reviewed and a decision given. There is no foundation whatsoever for the statement that any immigration authorities are in any way responsible. I know I am correct in making that statement.

Mr. GILLIS: I did not think they were, and that is why I asked the question. My information is that the manipulation was in Great Britain, but the press reports would lead one to believe that our own officials were mixed up in it.

Mr. MacKINNON: They were not.

Mr. HERRIDGE: I shall take only a minute or two of the time of the committee. I support the suggestion made by the hon. member for Cape Breton South. There is a growing uneasiness among the people of this country concerning our immigration policy. I have had the opportunity to talk with labour and legion officials and with members of other organizations about this, and I trust that the minister and his officials listened carefully to what the hon. member for Cape Breton South had to say.

I am convinced that a lot of people are coming into this country under false pretences.

People are coming in who are supposed to be farmers but who have never been on a farm and who know nothing about farming. That can be proved at any time by anyone who attempts to ascertain the actual facts. At Easter time on the train going west there were a number of displaced persons who were headed for logging camps in northern Ontario. The train conductor told me that he had been told by someone who spoke their language that over half of the D.P.'s had never been in a lumber camp in their lives and that many of them had expressed the intention of getting to a city as soon as possible. I think if inquiry be made of the lumber operators in northern Ontario and northern Manitoba it will be found that some of this labour has been most unsatisfactory. I should like to know what is done to determine whether a man is a farmer, a lumber man or a miner because I am sure many people are coming in under false pretences.

I saw a report in the newspaper some days ago that the government intended to charter a ship or ships to bring British immigrants to this country. I hope the Minister of Labour will make a note of this. What is done to make sure that people are what they claim to be? What has been done to bring British immigrants to this country?

Mr. MacKINNON: A statement was made earlier when the hon. member was out of the chamber.

Mr. STEWART (Winnipeg North): Can the minister give the approximate geographical location of the immigrants who have come in since the war?

Mr. MacKINNON: The following figures are approximate only:

	per cent
Ontario	50
Prairie provinces	22
Maritime provinces	5
British Columbia	14
Quebec	9

Mr. GIBSON (Comox-Alberni): How many Japanese or people of the Japanese race have entered Canada since the war?

Mr. MacKINNON: I am informed that there were none in 1947 and one in 1946.

Mr. STEWART (Winnipeg North): How many Japanese who were sent back to Japan have applied for permission to come to Canada, and what is the situation with regard to those applications?

Mr. MacKINNON: A few applications have been received from that class of people for re-entry to Canada.

Mr. STEWART (Winnipeg North): What is to happen to those applications? Will that be a matter of policy to be decided in due course?

Mr. MacKINNON: I think so.

Item agreed to.

At one o'clock the committee took recess.

The committee resumed at three o'clock.

DEPARTMENT OF NATIONAL DEFENCE

General services—

231. Grants to military associations and institutes, as detailed in the estimates, $116,950.

Hon. BROOKE CLAXTON (Minister of National Defence): Mr. Chairman, it is an appalling thought that although hardly three years have gone by since V-E day, May 8, 1945, ended the war in Europe and brought relief and new hope to the hearts of men in every part of the world, many nations should now be engaged in spending money on armaments on a scale never before known in the history of the world in peacetime. At that time on V-E day the Russians were our allies, and they were respected for the part they had played and the sacrifices they had made for the common cause. Since then the Soviet union has flouted these war-won friendships, obstinately obstructed every move to arrive at understanding, and promoted chaos and disorder and the darkness of the iron curtain as the only conditions in which communism can exist and spread.

This attitude has produced changes in policy and conduct in every part of the world; it has forced the western democracies together, produced western union and the statements of President Truman and of our Prime Minister on March 17. It has produced an attitude in Canada towards defence which is quite different from any that we ever had before in peacetime. Of one thing I am sure, and that is the determination of the Canadian people to defend our country against any attack. That is the view of all Canadians except communists. National defence is not the exclusive concern of the sailor, the soldier or the airman, but has become a matter of major national interest as well as of government policy.

Organization. After the conclusion of hostilities in 1945, the first task of the forces was the orderly demobilization of personnel who served during the war, the preparation of plans for future organization, and the disposal of vast quantities of surplus property and

equipment costing no less than $1·6 billion. These tasks were largely completed more than a year ago.

During the past year we have been advancing the organization a further stage. Perhaps hon. members would like to see on *Hansard* a chart showing the organization, particularly as it relates to planning. I shall put it on *Hansard* later if the committee will consent.

The DEPUTY CHAIRMAN: Has the minister permission to place this chart on *Hansard?*

Some hon. MEMBERS: Agreed.

(See Appendix, page 5828.)

Mr. CLAXTON: In most countries the forces are still engaged on the change-over from a war basis, but in Canada the department and the three services have been put on a completely new basis. Since September 30, 1947, all men in the armed forces have been permanent force personnel. Canada has gone further in unification and elimination of duplication than any other country.

Because of our singular position as a member of the British commonwealth and as the friendly neighbour of the United States, it is in our interest to have the maximum co-operation with the forces of both countries. The armed forces of Canada work more closely with the armed forces of the United Kingdom and of the United States than do those of any other countries. We have interchanges of information, staff, training officers, equipment, designs and so forth. These arrangements are, I believe, entirely satisfactory to all concerned.

Training of officers. There have been interesting and progressive developments in connection with the training of officers. With the opening of the national defence college at Kingston in January we began an institution for the advanced study of problems of war and security and their relation to other aspects of government action and policy. At the first course senior officers of the three services and officials of the departments of justice, external affairs, trade and commerce, the R.C.M.P. and Canadian Arsenals Limited, are working together for thirty-one intensive weeks on the major political, economic and military problems of national defence and on bringing these problems into the perspective of their regular work.

During the year we completed setting up the training establishments necessary for the navy, army and air force, so that now training is being carried on in Canada in every branch of the army and air force and very nearly every branch of the navy. There is close co-operation regarding training and exchanges of staff and students with the corresponding British and United States schools. Selected officers from the three services are given post-graduate courses at Canadian and other universities. As to cadet training, Royal Roads at Esquimalt last fall started operation as a joint R.C.N.-R.C.A.F. college, and this September will begin training officers for all three services. R.M.C. Kingston will reopen in September also as a tri-service college. There were 405 applications to fill the 183 vacancies for entrance next September. Having officers for all three services trained at the same colleges is an original and bold innovation which we believe will prove to be fully justified. The habit of co-operation found so necessary in war is more easily and securely learned at this early age.

A further source of officers for the forces, both permanent and reserve, is the universities. A student member of the Canadian Officers Training Corps can qualify for a commission in the permanent force on equal terms with a graduate of one of the service colleges. There are similar arrangements for the navy and the air force. This program is in full operation, with 3,144 potential officers taking three and a half months training this summer as part of their courses, which will include the equivalent of a full year's full-time practical work in addition to their regular university work. Applications far exceed the number of vacancies.

Men in the ranks suitable for commissions will be assisted in securing the required standard of senior matriculation and sent at government expense, if under twenty, to a service college; if over that age, to a university.

Because of its paramount importance we are setting standards for officer training that have not been excelled in this or any other country.

Educational standards for recruits in the ranks have been correspondingly high. Until recently junior matriculation was very generally required, and even though the requirement has been lowered for some classifications, our men must have more formal education than is ordinarily required in other countries. This is desirable because they form the core or nucleus around which we must build large forces should the need for them arise. Opportunity is given to the men to advance their education while in the forces.

Reserve training. With regard to reserve training, all three services have been set up on a post-war basis with modern equipment and full-time training officers. Many units have

most of their officers and N.C.O's. and about fifty per cent of their establishment. In addition, we still have over a million trained men and women who saw service in the second world war.

Defence research. The importance of defence research and of the development of new weapons is shown by the appropriation of $16,000,000 requested for this purpose. Our personnel work closely with other research scientists engaged in allied fields of research in this and other countries. We are concentrating on research problems in which this country has a special interest or for the solution of which she has special facilities.

Industrial defence. The recently appointed industrial defence board includes representatives of government departments and associated agencies, as well as outstanding industrialists who made a great contribution to industrial organization during the second world war. The primary purpose of the board is "to advise the government of Canada and the Minister of National Defence on all matters relating to the industrial war potential of Canada". During the last war Canada became an arsenal of democracy. In the event of another war, that would again be necessary but would present quite a different problem. Since 1939 we have more than doubled our industrial capacity and added greatly to our skills. At that time, however, the economy was operating at something like two-thirds of its then capacity. Today the economy is operating at practically the full limit of its greatly increased capacity, and there are still shortages of essential materials. In an economy working at full capacity any increase in production for defence purposes could only be achieved by a corresponding curtailment of civilian production.

Canada has a strong interest in the standardization of training and operational techniques, communications procedure, classification and handling of stores, industrial standards and the adoption of common weapons and equipment. Discussions have been taking place with the United States towards this end. Similar discussions have been carried on with the United Kingdom. Progress is being made.

Housing and construction program. Among other matters I should mention is defence housing.

My predecessors realized the desirability of providing the conditions of normal family and community life for armed forces personnel as far as that could be done. A trip across Canada in April 1947 showed me the need of additional married quarters, and we pressed on with an accelerated program of conversion and construction. In a statement in the house on May 27, 1948, I referred to this year's program, calling for completion this year of 2,350 new houses in 36 localities at a cost of approximately $20 million. On January 1, 1947, the armed forces had 1,241 married quarters. By March 31, 1948, 2,863 units were added and 1,864 were under construction, of which 1,179 were new houses, making, with the 1,171 to be begun after April 1, 1948, a total of 7,139 married quarters. These new houses are allocated on the basis of need, not rank, and rental rates will be the normal quarters allowance.

Progress already made indicates that the great majority of the houses will be finished and occupied before the winter sets in. The effect of this home construction on the morale of the men was evident when I was at the joint air school at Rivers, Manitoba, a few weeks ago, where houses are being completed at the rate of one a day. At Churchill, the building program includes 44 married quarters and barrack and messing accommodation for 600 men. The construction season there is only a hundred days, and work was planned so that materials and labour were on the job before the beginning of the construction season. We expect the whole program at Churchill to be completed before next winter.

The construction program will soon meet the most pressing need for married quarters. As it does it will alleviate civilian shortages, because each service family moving into married quarters will make another dwelling unit available for a civilian family. We will then go on to replace with more permanent structures some of the war-built temporary buildings which are difficult to maintain in good shape. We are beginning with the construction of new barrack accommodation for the navy at Halifax.

Recruiting. Hon. members will recognize that accommodation, like other conditions of service, has a definite bearing on recruiting. In line with the policy of doing everything possible to put the members of the armed forces on an equal footing with their opposite numbers in civilian life, the pay and allowances fixed in 1946 were increased by an average of approximately ten per cent, with effect from

October 1, 1947. Pensions are already on a generous scale—the government contributes nearly twice as much as the individual. Improvements have been made in the quality and scale of clothing.

During the year ending March 31, 1948, 7,029 recruits were obtained for the three services.

At May 31, 1948, the strength of the armed forces were as follows:

	Navy	Army	Air Force	Total
Now authorized	7,500	18,750	12,075	38,325
Authorized for additional commitments	375	1,329	2,121	3,825
Total authorized	7,875	20,079	14,196	42,150
Strength May 31, 1948	6,995	16,462	12,291	35,748
Per cent of total authorized	89	82	87	85

The active forces are six times as large today as they were on the average during the years 1930 to 1939. Moreover, many jobs previously done by soldiers are now done by civilians.

Today we have 3,756 civilian workers in the dockyards at Halifax and Esquimalt, where there were 394 in 1939. We have 6,918 other civilians engaged at prevailing rates on construction and maintenance work in addition to the men employed by contractors. There are also 8,728 who may properly be called civil servants. There are 1,100 civilians in the defence research board. The total of service personnel and civilians in the department today is 56,250 compared with the average figure of 8,072 for the years from 1930 to 1939, or about seven times as great.

The position of the reserve forces is as follows:

	Navy	Army	Air Force Aux.	Total
Authorized target ...	4,400	47,102	2,632	54,134
Strength ..	3,873(1)	35,518(2)	848	40,239
Per cent ..	88	76	32	70

(1) Includes 1,154 U.N.T.D. personnel.
(2) Includes 1,897 C.O.T.C. personnel.

Mr. GREEN: When the minister gives the target figure, can he give the total authorized figure as well?

Mr. CLAXTON: I have the total authorized as it has been authorized by the government, and that is the figure I have.

Mr. GREEN: Is that what the minister means by the target figure?

Mr. CLAXTON: Yes. That is the figure authorized by the government.

The figure authorized for the naval reserve for 1948-49 is being increased to 7,500.

Shortage of men to do the essential ground crew work in the air force auxiliary squadrons has delayed their organization. Eight squadrons have been made active and it is expected that at least two more will be set up in the next few months, one at London and the other at Calgary.

We need numbers of good men for the active and reserve forces, especially men who were too young to see service in the last war. Everyone in Canada must recognize the importance of the armed forces. Every fit young Canadian should recognize his duty to serve his country. I know of no better life and I know of no better opportunity. Members, veterans and others should encourage young Canadians to serve in either the full-time active force or the part-time reserves.

External policy and defence. I come now to the defence needs and objects of Canada.

The prime purpose of the external policy of a nation which is not aggressive is to ensure the preservation of our peace and our freedom by peaceful measures and thus make the use of defence forces unnecessary.

It follows that as external prospects darken, defence forces have to be increased. They have to be increased in order to make it clear that, if war breaks out, our side will win.

The close relationship between external affairs and defence is exemplified by the Secretary of State for External Affairs being a member of the cabinet defence committee. The Under-Secretary of State for External Affairs attends cabinet defence committee and chiefs of staff committee meetings. There is also a close working relationship between External Affairs and the intelligence and planning agencies of the armed forces.

For a power of middle rank, situated as Canada is, there is no possibility of Canada fighting alone. Today there is only one possible aggressor; the only war in which Canada would take part would be a world

war, a total war. If Canada is attacked, it will be as an incident of a world war, a total war.

Canada's defence policy is based on the assumption that our armed forces will be used only in association with those of friendly great powers. Hence our close working arrangements with the United Kingdom and our joint defence agreement with the United States. Hence our declared willingness to join in creating a new collective security league, under article 51 of the charter, composed of states of western Europe and of the north Atlantic.

The Prime Minister and the Secretary of State for External Affairs have stated our position in as clear terms as it can be stated. That position is generally accepted by the people of all parts of Canada; we are united in support of our country's foreign policy because it is based on a realistic recognition of what are our major national interests.

Defence objectives. Our immediate defence objectives can be simply stated. They depend on certain assumptions from known facts. But first I start with one assumption from known feeling. It is this, as I have stated: Every Canadian wants to do everything that is necessary to defend his own country; that is, every Canadian who is not a communist. There are, as you know, a great many ways to defend Canada against communism, and none of them must be neglected. Today I have to do with military defence, and I am going to adopt a rather unusual course. I am going to state some of the military assumptions on which our plans are based. They are frankly matters of opinion on which there may be several views. The views I am putting forward here are based on the best advice we can get, the advice on which the government has been acting.

This is a difficult subject to deal with at any time, but never more so than today. There never has been a period in history when the time factor has been so important, or so difficult. We are in a period of change and development, but no one can yet say with accuracy when a given development will occur or exactly what its consequences will be. We must be ready to cast aside out-of-date ideas and plans, just as much as out-of-date weapons. For these reasons I wish to assure the committee that we are constantly considering future possibilities. Twice a year the chiefs of staff present a joint appreciation and plan to the cabinet defence committee. Their planning teams are at work all the year round. Possibilities, probabilities and plans are under review on the assumption that war might take place at dates ranging from the present time on into the indefinite future.

The "push-button war." For a moment, however, let me speak of the present. New weapons, such as guided missiles, atomic bombs, jet-propelled aircraft and high-speed submarines, have naturally excited speculation. The "push-button war" has become so widely accepted as a phrase that many people have come to think, as a fact, that its day is already here. It is reported that the United States has made improvements in the power of the atomic bomb and that planes have passed through the sonic barrier. Theoretically it is possible for missiles to be guided by various devices to their destination hundreds if not thousands of miles away. The submarine which under water can do something like twenty-three knots is known to exist. But these new developments have not in fact yet been carried to the point where it is possible for them to change the character of war or make out of date either existing concepts or existing equipment.

It should be remembered that it is just three years since V-E day, the end of the war in Europe, and not quite three years since the first atom bomb was dropped on Nagasaki. During that time it is true that many people in many nations have been working intensively to perfect old weapons and develop new ones. But this takes time. Subject possibly to one or two exceptions, no plane was used in the second world war which was not on the drawing boards in 1939. It is a startling fact that the British Meteor and Vampire planes, which are today among the best in the world, were both produced four years ago, in 1944, and they were built to designs begun a good many years before that.

The view of every responsible and reputable scientist and soldier I know of is that the day of push-button warfare has not yet come. Let me quote an outstanding authority, the man largely responsible for the organization of the work on the atom bomb, Dr. Vannevar Bush, chairman of the joint research and development board in the United States. Writing to the armed services committee of the United States senate on April 1, 1948, Dr. Bush said:

> There is talk of a push-button war, and only too much of an inclination to regard such a war as one in which we alone would be pushing the buttons. There is sometimes even a tendency to believe that the advances of science and their applications to war have decreased the need for men. It is highly important that these fallacies should not be allowed to interfere with realistic thinking on the subject in these days of tension.

Dr. Bush went on:

If we were to enter a war tomorrow it would be a tough slugging match, much the same sort of tough slugging match from which we recently emerged, with some improvement of weapons in various categories it is true, and with new features, but nevertheless a rigorous trial of strength that would test the staying power and fighting ability of this country to the utmost in every department of its activity. It would be a war in which we would need to gird ourselves by all means for sustained rigorous effort. It would be a war in which we would need men and armies as well as implements with which they could fight.

That is the view of one of the world's outstanding experts.

A second and similar point is that our own exercises and experience confirm the view held, I believe, by most authorities, that in the immediate future any attack on North America would be diversionary, designed to panic the people of this continent into putting a disproportionate amount of effort into passive local defence.

A third point is that a potential aggressor, if it had atomic weapons at all, would use them on targets of the greatest strategical importance, and it is very unlikely that in the near future such an aggressor would use any such weapons he had on many targets in Canada. In this short-term period Canada is almost certainly going to be neither the Belgium nor the Bikini of the next war.

These statements are made in the light of all the knowledge available and on the best possible advice. What must be realized, if we are to play our role sensibly, is that there is neither an easy nor sudden solution to the problem of our national defence. There is no easy guarantee of security; it cannot be bought for a billion a year. Rather it must be patiently and anxiously striven for. The signs point ahead to countries like Canada having to face a long period of great uncertainty. We cannot live with our problems day by day without clear heads and stout hearts and mutual support.

One danger is that the Soviet union, without any genuine change of attitude, may suddenly appear to be seeking co-operation in a deliberate effort to induce the people of North America and of the western union to say, "Why bother about all this defence business." A second danger is that we should come to regard war as inevitable. A third danger is that we should commit our future resources to expenditures, equipment and plans that will be out of date when needed.

Role of Canada's forces. Because we live alongside the United States, it is often thought that our role should be the same. Canadians are prone to expect our country to spend or arm on a corresponding scale and to act in much the same way as the United States, just because we have so many common interests at heart. But in fact the difference of size makes many of the problems, and still more the possible course of action, of the two countries very different. The United States is the world's greatest power, with all the consequences that result from this fact in every corner of the world. Canada has shown in two world wars her capacity to make great, even amazing, contributions to victory; during and since the war we made contributions to the conditions of peace, proportionately as great as or greater than any other country; but the fact is that by themselves our forces could never deter the Russians, nor in a general conflict could they deliver a knock-out blow. What we want are forces which can defend Canada and enable us to play such part as parliament and the people may support in any efforts for common defence with other countries.

Against this background it is now possible to set down Canada's present defence aims and objectives. They are: (1) to provide the force estimated to be necessary to defend Canada against any sudden direct attack that could be or is likely to be directed against it in the near future; (2) to provide the operational and administrative staffs, equipment, training personnel and reserve organization which would be capable of expansion as rapidly as necessary to meet any need; and (3) to work out with other free nations plans for joint defence based on self-help and mutual aid as part of a combined effort to preserve peace and to restrain aggression.

In the United Kingdom a white paper on defence issued last February summarized their objective:

His Majesty's government are determined to maintain balanced forces adequate to fulfil their responsibilities in peace and to serve as a nucleus of expansion in war.

In Canada we are planning so that the three services and our great agricultural and industrial resources each has the means to play its role to meet the needs of the particular time. All these forces must work as a team, together and with others.

The business of defence has become very complicated. You may remember how Switzerland prided herself, and rightly, on her citizen army, when each man after his year of service brought home his uniform, his rifle and his cartridge belt, ready to serve his country again. But this cannot be done by a modern army. Today only about ten per cent of the fighting effectives of any modern force are riflemen, and even those riflemen now use six other weapons. But how would

a man bring home one-sixth of a tank, one-fifth of a radar set, and so on? The same question may be asked about nations. No one country can be fully enough armed to meet and master the onslaught of modern war; each has its fraction of power to contribute to the common defence.

Defence today is a complex business which must be balanced, integrated and planned. Our plans are being made now for up to five and even ten years ahead, with changes provided for to meet expected developments. We are trying to ensure that everything we do today will be a sound basis on which to make future developments of any kind and at any time. Our plans are flexible. If, as we hope, western union grows into a North Atlantic security understanding, this may involve further modifications, just as in the more distant future there might be modifications resulting from any more general arrangement under the charter of the united nations which was agreed to by parliament.

For the short term, however, our roles are clear and evident. At sea our role would largely consist of guarding the lines of communication as the Royal Canadian Navy did so well during the last war. Canadian ships once again would be called upon to provide the vital protection for troops and supplies travelling the northern seas our sailors know so well.

Recognizing the importance to us of the northern waters, an exercise will take place with the new arcticized aircraft carrier *Magnificent*, two destroyers and a tanker going north into Hudson strait this summer. The destroyers will go on to Churchill, the first Canadian warships ever to enter Hudson bay. We are also constructing for the navy a large modern icebreaker. During this last year the navy carried out training cruises totalling 91,366 miles. Fourteen fighting ships were in commission and twenty-two in reserve, with 58 auxiliaries in commission and 67 in reserve, most of these auxiliary vessels being small craft.

The active army, in the first place, is to include a brigade group or later such additional force as may be considered necessary, trained and equipped to deal with any diversionary attack. Secondly, the active army is to provide the administrative and training staff—the cadre of officers, N.C.O.'s and tradesmen—to train the reserve army and with it form the nucleus for as large a force as Canada may need.

In the air, only three countries are at present able to maintain an effective strategic bombing force. We are, however, maintaining one permanent and two auxiliary bomber squadrons. In this way we will keep abreast of modern trends and development in the art of bombing. Our main peacetime task will be to supply interceptor fighter squadrons and ground forces necessary to deal with attacks on Canadian territory. These will be valuable units from which to draw the nucleus of larger forces should the situation demand it. The R.C.A.F. will activate two regular fighter squadrons during the next twelve months. The operations of these units will require the activation of additional bases in Quebec and New Brunswick, located at Chatham, Mont Joli, and Bagotville. In this way we will fill in our chain of bases across Canada, and will be able to get experience in operating conditions in all parts of the country.

During the year we completed taking delivery of 85 Vampires, 30 Mustangs, 23 North Stars, 20 Firefly IV's, 27 Seafuries, 3 Sikorsky Helicopters, 3 Chipmunks, and 36 Austers, bringing the total number of planes of all types to something well over 1,000. An idea of the cost of present-day defence equipment may be gained from the cost of these 237 planes at today's prices, not less than $35,000,000. Work on the "Chinook" jet engine and the airframe of the two-seater fighter is being accelerated to bring this plane into production in Canada as speedily as possible should it test out satisfactorily. This powerful jet plane is specially designed to meet Canadian conditions and is the first fighting plane to be designed and made in Canada. Work on new planes, modifications and overhaul was provided for a number of Canadian industries to enable their essential organizations to be kept together.

In recognition of the increasing importance of the air this year for the first time we shall be spending more on the air force and fleet air arm than on either the navy or army.

Form and amount of estimates. The form of this year's estimates shows a number of changes from last year. Considerably more detail is given and there is a new provision for current year commitments as an addition to the amount to be appropriated.

Putting together all the relevant items of defence in the main estimates there is authority for an appropriation of $232,408,239.95, and for a commitment of $20 million, or a total of $252,408,239.95 for 1948-49, where last year there was an appropriation of $239,960,617.40. While the final figures are not in, it is estimated that the amount expended in the year 1947-48 will be $196 million.

As I pointed out, our plans are subject to constant examination and development. The supplementary estimates which were put before you yesterday will seek an additional

$15 million in cash appropriations for the air force and further authority to commit, of $17,238,578 for the three services for 1948-49 and $31,505,959 for navy and air force in future years. The supplementary estimates will also seek an additional $3,800,000 for defence research to accelerate development work on the jet engine and frame. Further supplementaries will be sought later if necessary to carry on the program as planned or as it may be altered to meet changing circumstances.

Putting these various items together, the total cash appropriations sought for defence for 1948-49 are $251,208,239.95, with authority to commit for an additional $37,238,378 this year and $59,938,028 for future years, which will permit an increase in defence activity generally greatly in excess of the increase in cash expenditure over last year of $55,000,000 or approximately 28 per cent.

As you will see from the figures I gave earlier, we now have 85 per cent of the active forces at present authorized. These targets have not in any substantial way limited our recruits or our efforts this year. As we near the target, however, that might happen. We shall continue to recruit above the announced target figures, using the additional men as they are obtained to activate more ships, to bring the brigade group nearer to strength and to re-activate several air force stations. The government will do everything it feels to be required to meet the defence needs of Canada as these may change from time to time.

Civilian activities. Service personnel—officers and men and nursing sisters—when they become full-time servants of their country do not cease to be members of the community. That has been dramatically brought home this year. The work of the three services in connection with civil activities included the heroic rescue of Canon Turner; the photographing of 111,043 square miles of territory by vertical camera and 293,000 miles by tri-camera to provide maps for mining and other civilian as well as military purposes; assisting dominion observatory officials to re-locate the magnetic pole; putting a weather ship near Greenland; search and rescue work at sea by the R.C.A.F.; flying on fifty operations, twenty-three of which resulted in the rescue of persons in distress; the construction of Bailey bridges by reserve units of the Royal Canadian Engineers; maintenance of the northwest highway system, the northwest staging route and the northwest territories and Yukon telegraph system; continued work on winter living and testing winter equipment at Churchill, and the highly creditable job by active and reserve units of the navy, army and air force in fighting the flood conditions and providing relief in British Columbia, Manitoba and Saskatchewan. These all meant more in service to the country than our forces have been able to do before in peacetime.

Conclusion. During this last year it was my privilege to visit most of the establishments of the navy, army and air force across Canada. There I met not only officers and men, but also members of the civilian community. With all of them I discussed the relationship of the forces to the community. I had one conviction. The closer the civilian comes to the armed forces, the more inclined he is to like them and to give them his approval and support. I imagine that the people of the Fraser valley will say the same thing. On that account we have encouraged visits, arranged for open-house occasions, such as visits to ships and camps and air force day, and done everything possible to bring the services and civilians closer together. In sport there was a good example in the Olympic champions, the R.C.A.F. Flyers, who on and off the ice gave a good account of themselves and their country.

There can be no doubt as to the quality of the forces we are building. It is essential, not only that our forces be trained for duty, but also that their own people, the citizens of this country, be proud of them, respect and admire their efficiency, and realize that even when the headlines are not threatening and the march of armed feet is silent, the defence forces of this country are continuing to do their work in maintaining peace.

Two wars and a world-wide depression have shown that we cannot dissociate ourselves from the security of others. We shall continue to work with other nations to preserve peace and to create the conditions in which peace can be preserved, at home and abroad. We are building defence forces in accord with what any self-respecting Canadian would regard as our need and our responsibility.

Mr. PEARKES: Mr. Chairman, for the past fifty-five minutes the minister has been reading a statement regarding the estimates and the future defence policy of Canada, in the preparation of which he has had the assistance of an adequate staff. It is not easy for anyone to rise immediately after such a statement has been made and offer adequate criticism or comment thereon, but I consider it my duty to endeavour to offer such criticisms as I feel are necessary and to comment upon one or two of the statements that have been made.

Before doing that I should like to offer my sincere congratulations to the minister upon his return from hospital where he has been

incapacitated for a few days with what is described as a minor ailment, but which I believe has been quite painful. Also I join with the minister in the remarks he has made with regard to the work done by the defence forces in assisting civilian life in this country, particularly in the flooded areas of the province from which I come. I am quite certain that the people of the Fraser valley and the interior of British Columbia will appreciate what the sailors, soldiers and airmen have done during their trying experiences. If I were to offer any comment upon these operations it would be to express some regret that there were not more men available and that the troops from the prairies who were made available were not sent earlier. However, it is not fair to offer that comment, because I have not the correspondence that passed between the premier of British Columbia and the government, and I do not know whether the premier asked for more troops than were actually available.

I turn now to the estimates which are shown on page 32 of the blue book, the main estimates. By a strange coincidence we find the items for national defence on the left-hand page, while those for national health and welfare are on the right-hand page. It is interesting to note that the total amount authorized for national defence is some $30,000,000 less than a single item, that for family allowances, at the bottom of the opposite page. While the minister opened his remarks by referring to the necessity which many countries feel of having large expenditures for national defence, I somehow am of the opinion that no Canadian should think we are spending an undue amount on national defence this year. Even with the supplementary estimates, which total some $18,800,000 for this department, the total amount does not equal that one item for family allowances.

When we begin to examine these various items we find that the total figure is not quite as impressive as it might seem to indicate. Going down the list, you find various grants to rifle associations, military institutes and so forth, and then a series of pensions which are authorized to the dependents of various persons who have served the department. You come then to the main item which is under the rather peculiar title of "Demobilization and Reconversion". It is necessary to refer to the details shown on later pages before a thorough examination can be made.

On referring to these details, I find that there are many items which could hardly be described as contributing directly to the defence of the country. For instance, there is an item of $9,000,000 for pensions. I know that these pensions have been paid, but I think we should call attention to the fact that all this money is not immediately available for the actual purposes of national defence; the words "national defence" being used with the rather limited application to actual defence.

The announcement was made a short time ago that some $20,000,000 were to be used for the construction of certain houses to accommodate officers, non-commissioned officers and men of the active forces. I could not help smiling when the minister referred to the fact that the necessity of providing this accommodation had been recognized by his predecessor, because it came to my memory how—I think it was in 1945 or 1946—in commenting on the estimates at that time, I had emphasized the necessity of providing good quarters for the permanent force of our country. At that time the minister definitely pooh-poohed the idea and said that that could still wait. However, cognizance has been taken of the necessity and it is right that we should provide this accommodation.

Under various headings of acquisition, construction, purchases, maintenance, repairs and rentals of property which are given in the details, I notice that there is a sum of approximately $40,000,000. These are necessary, but let the committee remember that that is hardly contributing actually to the defence of the country. Then there is the question of civil salaries and wages. In the various branches of the department they total something approximating $3,000,000. These are items which must be subtracted from Canada's amount, however, so far as actual defence requirements are concerned. They are necessary adjuncts to include in any estimates, but I do not think we should be misled—and I am not suggesting that the minister has tried to mislead us—into assuming that the whole of this amount of money is actually available for really legitimate defence purposes.

We are told that in the past year some $200 million was actually spent out of a total appropriation of $243 million. A somewhat similar policy is being followed here, I believe, in that a sort of floating reserve is being made available. I notice that it was given in a press release made by the minister some time ago. There are no material changes in that.

As the minister said, this way of presenting the estimates is novel. I think we shall have to ask him how he proposes to deal with one major item, namely, item 243. If everybody rises in his place and discusses first of all the

navy, then the army and then the air force, and back again, it will lead to a great deal of confusion. I hope the minister will have some way in which we can deal with that big item in an orderly manner and take it step by step, so that the estimates can be examined in a straightforward, methodical and orderly way.

Turning to policy, one would expect to find the foreign policy of the nation reflected in the defence estimates, as the minister rightly said it would be. There is no time to make a long statement on the foreign policy of this country. That has been defined in announcements to this house and in various press dispatches. It was not very long ago that the Secretary of State for External Affairs stated in this house:

> The best guarantee of peace today is the creation and preservation by the nations of the free world—under the leadership of Great Britain, the United States and France—of an overwhelming preponderance of force over any adversary or combination of adversaries.

These are proud words. I suggest that they were proud words which the minister used in his memorandum, and we must examine these estimates to see whether they were proud words supported by something more than mere words, or whether they were just idle vapourings which would really carry no weight in the country.

I do not think I should be over-simplifying the case if I said that the Secretary of State for External Affairs and also the Minister of National Defence, in his statement today, would lead the country to believe that we were ready and willing for any emergency. Perhaps some doubt might be expressed as to the willingness, because of the uncertainty and the indecision which was voiced a few days ago and, I think, repeated by the minister today, in the statement that Canada would not be willing to join in any defence pact, in so far as western Europe was concerned, unless the United States were also in that pact. All I can say in that respect is that it is a very good thing for Canada, and a very good thing for this world, that we did not wait for the United States in 1914 or in 1939.

We must examine the figures which have been given to us and see whether they support the statement of our readiness. The three military objectives which the minister announced this afternoon were—I jotted them down briefly—one, to provide against a sudden attack; two, to provide the staff necessary to enable a rapid expansion of our forces, and, three, to join in the making of joint plans to ensure and preserve the peace of the world. I have no comments to make upon the third objective. The minister has explained that there is a planning staff, consisting of officers of experience, who are studying continually the plans which are necessary for the preservation of world peace, and no doubt to consider also the other two items. But when I come to examine the figures which have been given to us at various times regarding the availability or the readiness to meet a sudden attack I fear that I am not satisfied, and I cannot help saying I believe that to meet a sudden attack at the present time Canada is impotent.

Today we have been given certain figures regarding strength. I am not able to remember all these figures—I do not know that they are very important—but earlier this session questions were put on the order paper as to the strength of the forces at that time, and the strength given as at March of this year was considerably less than the figures which were given today. Naturally, recruits are coming in. But remember that a man who has joined the forces since March of this year can hardly be considered thoroughly trained and ready to take his place in the field. Therefore, in order to meet a sudden emergency, I think it would be wiser to take the figures of last March than the figures given today, which include the latest joined recruit.

As regards the Royal Canadian Navy, it was shown that there were 6,782, while in the naval reserve there were 3,247. We know there are not enough personnel in the Royal Canadian Navy to provide full ships' complements for the vessels we have.

When we return to the army, the total number given in March was 15,409. We have a reserve army of 28,743. The minister in his statement gave numbers slightly in excess of that. About 1,000 would have joined the active force since then, and the reserve forces have increased to 35,000.

The minister gave target figures to which he referred. Frankly, I do not understand those, because they were different from the limited establishments which he imposed in 1947. A further reduction seems to have been made in the targets at which we are now aiming. I would, however, bring this fact to the attention of the committee. While we may have 15,000 or 16,000 men in the active army, we must remember that only a very small proportion of these can be termed combat troops; that the large majority of these men are employed on administrative work around headquarters, driving lorries, acting as clerks and so forth; and that even in the combat regiments there are always personnel who have to be employed on administrative duties.

As I said earlier, I have not the full details regarding the correspondence which may have

been exchanged between the Premier of British Columbia and this government; yet it is significant that the combat units of British Columbia and the prairie provinces had to be pretty well drained of active personnel in order to provide approximately 2,000 men who were fighting in the flooded areas.

But the point I wish to emphasize as strongly as I can is that we must not be misled by the idea that 15,000 or 16,000 men are readily available.

When we pass on from there we come to the Royal Canadian Air Force. There were in March some 11,636; I believe the number has now increased to 12,296. I think that was the figure the minister gave. But also in March there were, according to the figure he gave, only 1,282 actual flying personnel. That gives some idea of the large number of men it is necessary to employ on administrative duty in order to provide a small fighting force in the air; and if that figure of 1,282 which was given to us as being correct in March is still approximately correct, that gives us some idea of the extent of the force we have available now to meet a sudden attack.

If one wishes to see what opportunities there are of expanding that force rapidly, I suggest that we take the figures for March. I find that there are only 692 personnel in the Royal Canadian Air Force auxiliary squadrons. That is not a very hopeful indication that the small number of active air force personnel could be rapidly expanded. I am sure I am correct in saying that these 692 are certainly not all flying personnel. There would be only a limited proportion of these flying, because the squadrons would have to have a certain number of ground personnel as well.

It is not only numbers that we have to consider. We have to consider the efficiency of these forces. If we are to rely entirely on the active army, there are, as I have shown, only very small numbers; but I believe that by recruiting at large now we could get many men—I believe the minister said many hundreds of thousands of men—who were trained along the lines of 1944 and who would no doubt come back and join the colours. As soon as they could be welded into units they would be available, but that would take time.

I suggest that, although we may have that large number of men who were trained in the war, they could not be as readily organized as they were in 1939, because our reserve army units have not had the same opportunities of training as units that were available prior to the outbreak of world war II.

I have here a publication known as the *Canadian Army Journal*, issued under the authority of the chief of the general staff, which was sent to hon. members with the compliments of the Minister of National Defence. With reference to training which was carried out in my own province, I notice that the composite camp which was held at Chilliwack for reserve force units of British Columbia, other than artillery, engineers, armoured regiments and the Canadian Scottish regiment, lasted for a week at that centre. That embraces infantry units in the city of Vancouver, and so on, and they were able to send into camp a total of fifteen officers and ninety-nine other ranks.

Rather naively the officer who wrote this article said that the administration of this camp was no problem. I should not think it would be. Turning to the training of other units, the Canadian Scottish regiment—I ask hon. members to realize that this is a regiment, a full battalion—went into camp with thirteen officers, fifteen warrant officers and men, and sixteen rank and file, making a total of forty-four.

The report states that it was not possible to carry out the regular training, but all ranks received general military training and the program culminated in a platoon exercise.

I bring this up only to let this committee know that there is a considerable question in my mind as to the readiness of our defence forces to meet this sudden attack to which the minister refers.

Then I come to two even worse cases than that, and I am sorry that I have to quote British Columbia figures exclusively because I have not them for elsewhere. Two regiments in the interior, the Ninth Reconnaissance regiment, an armoured unit which one might expect to be sent early in order to meet any sudden attack, trained exactly three officers and nine other ranks; while the Rocky Mountain Rangers trained three officers and thirteen other ranks. That is the condition of the units in British Columbia; and from conversations I have had, I have reason to believe that it is materially worse in other parts of this country. It is a fact, as disclosed by what the minister was saying, that the emphasis has been placed on the training of officers, non-commissioned officers and specialists at certain schools of instruction. That is all very well; but we must not, ostrich-like, believe that we have in the active army units which could be made readily available, and we certainly have not such units in the reserve army.

When we refer to the reserve army we must not be misled by that name. Usually "reserves" give the indication that they are men who have passed through a period of training and are held in reserve readily available to fill the ranks of some unit which is in

existence. That is not so in Canada. We never used to refer to our non-permanent units as reserve units. They are separate units, largely composed of only partly trained personnel.

We have a naval force about half the size of the force which was indicated in 1946. We have, as hon. members know, the *Magnificent*, on loan from the British navy, which has just joined us in the last few weeks. We have one cruiser capable of sailing the high seas; the other is in reserve. We have no complement of men ready to man her immediately. Half our destroyers are in reserve, and it would take time to bring in the naval reserves and fit them into their places in the ship's company in order that those destroyers might take their place in the event of a sudden emergency. If we are to guard our sea lanes, as was suggested, we are short of trained personnel in the fleet air arm, and it is to be remembered that we have no submarines. While we may have sent a few officers and ratings to the Royal Navy for training, we have nothing like experienced crews to man any submarine, should that necessity arise.

I have already referred to the air arm. I am pleased to hear the minister say that more emphasis is to be placed on the air arm than has been shown in the past, because I have firm ideas with regard to its necessity and importance. While it may be possible for us to raise a force that we might be able to send across the seas or use for the defence of Canada, we must recognize the fact that at best this will take two or three months; and a force which requires two or three months at best to raise the first nucleus is not a force which is capable of dealing with a sudden attack which might come now or at any time in the near future.

I think the failure, and it is a failure, on the part of this government to provide that force is mainly because the government has consistently refused to recognize our changed position in the general make-up of the world organization for defence and the changed geographical position of Canada in view of the new inventions which have appeared on the defence scene in the last few years. I cannot help feeling that there is a certain wilful blindness to the lessons which should have been learned from Pearl Harbor, Czechoslovakia, Poland and many other places where such attacks were launched. Campaigns are won by nations doing the impossible, in exactly the same way as battles are won by units and individuals accomplishing the impossible.

[Mr. Pearkes.]

I will cite only one instance. It was declared impossible for an expeditionary force from Great Britain to land on the coast of France during this war until a port had been captured. Our raid at Dieppe showed the great hazards and risks entailed in the capture of a port. What did General Montgomery and General Eisenhower do? They built a port—it was called "Operation Mulberry"—and towed it across the English channel. By this means they had a ready-made port from which to launch their offensive against Germany.

I issue a serious warning against basing one's plans on the fact that certain things are not possible. I do not believe it is likely that a push-button war could be initiated by any country in the immediate future. But I am equally convinced that countries may spring a strategic or tactical surprise which, while not going to the length of push-buttor warfare, might find us in an extremely unfortunate position. I feel that this blindness which has been adopted has had a tendency to make us adhere to time-honoured, though perhaps time-worn formations. I do not know that we are alone in that respect.

I should like to read a paragraph from a report published by the air policy commission of the President of the United States, under the chairmanship of Thomas K. Finletter. It is entitled "Survival in the Air Age", and is an official publication of the United States. This is what the report states, at page 30:

> We view with great anxiety the pressures from many sides directed towards the maintenance of yesterday's establishment to fight tomorrow's war; of unwillingness to discard the old and take on the new; of a determination to advance the interest of a segment at the sacrifice of the body as a whole. All this is understandable. For it comes in large part from loyalty of each service to its traditions. But we can no longer afford the waste it involves.

I feel that we are trying to build on the old formations of days gone by, which were designed to meet circumstances entirely different from those of today, defence organizations to meet situations which were never present in the time of our forefathers but which are definite realities today. I do not like all this talk about Canada's defence forces being so stream-lined, that everything has been so nicely integrated. It is easy to talk like that; but at the invitation of the Minister of National Defence, which I greatly appreciated, an opportunity was given hon. members to visit the main ordnance stores here in Ottawa. They are up to date in many respects, but time-honoured and time-worn traditions still prevail. We saw men using new and modern

equipment to pile the stores. Then we came to a barrier, and the ordnance officer said, "Now I must hand you over to an officer of the army medical corps, who will show you how the stores there are piled." We went on and came to another barrier, where we were handed over to an officer of the army dental corps, who showed us how the stores were piled by his corps. This was all in the one building, but of course it was necessary to have the building divided into compartments, because the ordnance corps reported to the master general of the ordnance and the quartermaster general, while the army medical corps and the army dental corps reported to the adjutant general. And who could expect a man accustomed to piling bundles of puttees to be able to pile bundles of bandages? Who could expect a man who kept accounts as to how chairs, barrack room, were issued, to know how to account for the issue of chairs, dental?

Mr. CLAXTON: How about a man mixing medicine as well as paint?

Mr. PEARKES: I hope that situation has been changed. I am sure the minister is working in that direction. I just say these things to show that we have not yet reached our goal, and I am sure the minister agrees that much work remains to be done in order to do so. I should add that naval personnel were working there, and perhaps naval stores also were issued.

Then I want to refer to one statement made by the minister which I do not find supported by the estimates. He said more money was being spent this year on the air force than on either of the other two services. I do not think that is correct, according to the figures contained in the estimates. As I total them, we are spending $80,000,000 on the air force, whereas the total being spent on the army is $95,241,000.

I have emphasized the importance of the air force. As a soldier I would welcome greater emphasis being placed on our air arm, because I believe it is of primary importance. We must find a means of stopping the enemy bomber from reaching its target. That is the first requirement as far as the defence of Canada is concerned. To do that we must not only have an interceptor force readily available; we must also have the means of obtaining early warning. A week or so ago I had an opportunity to attend the industrial fair in Toronto. I do not know whether the minister attended personally, but I know some of his officers were there. At that fair three radar sets were displayed; and I regret to say that, while Canada was far ahead in the radar field during the war, the British equipment demonstrated, I think by a group of firms known as Cosser, was far ahead of the radar sets made by our Commercial Corporation or Arsenals Limited. I hope we are not losing ground in that all-important field; but the difference in definition was so marked that a layman could see how far we were behind the British sets, and it really was not funny.

Finally I want to say just one word about the important subject of civil defence. I believe some nebulous plans are being made, though they have not gone beyond the blueprint stage. I would urge the importance of developing the civil defence of this country, because if we are ever threatened the civilian population of our cities may have to take the brunt of the enemy's onslaught just as much as the actual fighting forces. To mention one very small field, just as an example of the direction in which preparation for civil defence might be attempted, I would refer to the co-ordinating and unifying of fire-fighting forces throughout the country. As it is now, in the province of Ontario you have in some towns fire departments which are incapable of rendering assistance to fire-fighting detachments in other towns only a few miles away.

I have perhaps over-emphasized lack of numbers, or have devoted more attention to that point than I should, because I am not sure that the shortage of numbers is the main shortage we are experiencing. I feel that shortage of equipment and shortage of the means of producing equipment in this country, particularly air force equipment, is one of our greatest handicaps; and that supporting industry which, as the minister said, turned this country into one of the arsenals of democracy during the last war, seems to have been allowed to slip back, so that it cannot play its all-important part in the national defence of this country.

Mr. SKEY: I am one of those who was pleased this afternoon to hear the Minister of National Defence refer to the close connection of his department with the Department of External Affairs; and I am also pleased to see the minister back in the house supported, as he was at one time, by the Prime Minister, the Minister of Finance and the Secretary of State for External Affairs. That in itself is significant, to see the minister's statement listened to with interest by those who have perhaps the most responsible positions in Canada's government. That has not happened for many a long month in this house.

I hope the minister's colleagues took note of some of the things which were missing

from his statement. I refer in particular to one paragraph:

> Canada has a strong interest in the standardization of training and operational techniques, communications procedure, classification and handling of stores, industrial standards and the adoption of common weapons and equipment. Discussions have been taking place with the United States towards this end. Similar discussions have been carried on with the United Kingdom. Progress is being made.

He reports in four words the most important aspect of the whole defence picture—"Progress is being made". Canada is expected to be satisfied, and hon. members are likewise expected to be satisfied with the words, "Progress is being made". I ask him today: What progress?

Referring again to this statement, may I point out the extreme fallacy in the arrangement of these different things he has mentioned. Standardization of training, operational techniques and the like all depend upon the adoption of common weapons and equipment, which is placed at the end of this list. All these other things will fall into their proper slots as soon as we start to use common weapons and equipment. It is as simple as that. I hope the attention of the minister's advisers will be called to that one reference which I make at the beginning of these remarks.

I go back to the matter of co-operation with the United States and the United Kingdom. We have noted the purchase for Canada of eighty-five Vampire fighters which, I understand, are first-class operational aircraft, the finest perhaps in the world today in that field. Although we hear many reports, we still know that Britain continues to make a workable, able and efficient aircraft, and that she is some years in advance of other countries in the world in the production of jet engines for aircraft.

The pity seems to be that these aircraft had to be shipped to us from the United Kingdom for assembly here in Canada, and that we are without the means to produce them in our own factories by Canadian labour. There, it seems to me, is the essential weakness in purchasing our equipment abroad. If the producers of these aircraft could be persuaded to make them in Canada, and to continue to keep their production up to date, in Canadian aircraft factories, we would be able to have a source of supply here at home of a modern air weapon, and in that respect achieve standardization with the United Kingdom.

On the other hand, I notice that we bought twenty-three Mustang fighter aircraft from the United States. These aircraft and the spare parts for them can be obtained on this continent. That is a step forward, although I regret that they are not produced here in Canada by Canadian labour, so that our industrial machine could maintain production in the event of any difficulty, and the additional supplies and spares could be obtained from our own industrial machine.

I should like now to make a suggestion to the minister in both these fields. If we are to co-operate with the United States and the United Kingdom, Canada has scarcely the financial resources sufficient to keep its air force equipped with modern weapons by buying them from either the United States or the United Kingdom. We already have a tremendous adverse balance of trade with the United States. If we are to standardize our equipment and if we must buy our equipment from them we shall never rid ourselves of that adverse financial balance. Therefore, if we would seek to standardize, and if they will accept co-operation, it will be necessary for the American aircraft industry or the American defence department to let contracts in Canada. They could let contracts for aircraft with which we could equip our forces, and deliver to them any surplus quantities for the equipment of their own forces with one particular type of machine.

To my mind this is essential, because I believe Canada's air defence should be based upon North American industry and equipment. It means that our government should adopt a policy of integrating our air equipment with that of the United States forces. The joint defence board should be asked immediately to decide the respective defence roles of the Royal Canadian Air Force and the United States air force.

Our Canadian representatives would be well advised to adopt for the present a policy which would be primarily defensive, because of our size and our inability adequately to undertake more than one specialized role in the defence of the continent. When these decisions have been taken our government should arrange for the mass production in Canada of the type of aircraft selected for Canadian defence in a program of North American cooperation. As I have said, part of this production could be absorbed by the United States forces.

When this suggestion is made to our cousins south of the border there will probably be a distinctly negative reaction. That is not surprising, because their aircraft industry has been hit as hard as, if not harder than our own Canadian industry, and has need of sustenance by means of new contracts. I understand from reliable sources, however,

that about 65 per cent to 70 per cent of the content of any aircraft built in Canada is of United States origin. That is, Canadian aircraft manufacturers must buy from United States sources up to 70 per cent of the value of the aircraft they are making. So it can be seen at once that the American aircraft industry will not be greatly damaged by the suggestion I am about to make, and our own process of co-operation and standardization will be immeasurably assisted.

I rise frequently in the house to advance the idea of adequate air defence, for the simple reason that I believe that, through the continued development of our air force, we can protect this continent. We can do something more; we can protect the peace of the world. I say this, because in history we have had two examples where the peace of the world has been maintained by strong military forces. The first to which I would refer was the Roman empire, which was based upon the Roman legions. They kept the peace by keeping at bay the barbarians who threatened the frontiers of their empire. That was known as the *Pax Romana.*

The second example is the *Pax Britannica,* which followed Nelson's great victory over Napoleon's fleet at Trafalgar. It was based upon the British navy, a navy which devoted itself to clearing the sea lanes of the world of pirates and privateers in the navies of those countries which did not wish to trade peacefully.

In this new era of world development, many legions are too few and fleets of ships are too slow to cover the space and distances necessary to secure our western civilization. The only disciplined arm of national defence which can be devoted economically to peace is our air force. If that single thought can be projected beyond any service or national prejudice we can accomplish a *Pax Americana* based on air supremacy.

That is the thought which I should like to leave with this committee today. I urge the minister to ask his defence advisers to sit down again with the United States members of the joint defence board to see if some degree of standardization and co-operation cannot be worked out.

On April 16 I asked the minister some questions about joint defence. I noted at that time that the house of representatives of the United States had voted 417 to 5 to spend over $3,000,000,000 on air defence in order to raise their air force to 70 groups for the protection and security of their country. I went on to ask him if he was endeavouring to arrive at any joint agreement by which Canada might assist in the over-all defence of this continent. The minister replied that it would be almost inconceivable for the United States to request any action by us or to suggest that we should co-operate with them. To me that was a foolish reply. We do not need to fear our friends, and surely we can work with them. It seems to me that it is too bad if that effort has broken down and we are to be a party to letting the situation remain as it is.

Earlier I commented on the fact that the Prime Minister, the Minister of Finance and the Secretary of State for External Affairs were in the chamber while the minister was speaking. At this point I should like to place on the record a statement by General Eisenhower, contained in his official report of February 7, 1948, as follows:

> I believe we have finally learned that national defence is not the exclusive property and concern of men in uniform, but the responsibility as well of labour, management, agriculture, industry and every group that goes to make up the national complex.

And a little later on, he said:

> The United States army supports the theory that air power occupies a dominant position in modern warfare.

Whenever I have an opportunity I rise in this house to put forward, not old worn-out ideas but new ones, to make constructive suggestions to the minister in order to try to achieve the thing we all want, namely, the security of our country by the proper defensive equipping of our armed forces. I have finished for this afternoon except to quote an old Hindu proverb, which reads:

> A man without a stick will be bitten even by a sheep.

We want Canada to have a stick. We want these international wolves who may be appearing in sheep's clothing at the present time to know we have a stick. We know a great many who have suffered from their attentions in the past now realize that they have long fangs.

Mr. MacINNIS: Mr. Chairman, I rise at this time, not to attempt to analyse the minister's statement or to criticize it. Some analysing and criticizing has been done by the hon. gentlemen who preceded me. The minister's statement was a sombre one. As he said, after no more than three years from the end of hostilities we now have to think of our defences against aggression which may come any day. I think hon. members will agree that this is indeed a deplorable thing. I am satisfied that this has not been part of our making and for that we indeed can feel thankful.

The position of the Minister of National Defence is not an easy one at this time, for many reasons. The danger of war is here and we must try to prepare for an emergency without adding to that danger. Canada has never been a military country, although our exploits in wars that we have engaged in have been considerable, when one considers our population and our resources. If we are to prepare adequately for an emergency I assume that we should have some knowledge of how great that emergency may be. That is something we do not know, nor do we know from what direction or at what time it may come.

I gather that there has been some difficulty in getting men for the various branches of the armed services on a voluntary basis. If we were to try to get them on any other basis I am satisfied that it would only make the world situation worse and add to our own difficulties. I was glad to hear the minister say our defence policy is closely associated with our external policy. I am satisfied that, no matter what happens, at some time we shall have to get down to world co-operation. We must work for that with those who are willing to work with us, and we must offer every inducement to those who will not work with us, to come in with us and work for peace.

We are now planning the defences of Canada which I imagine every hon. member feels is necessary. It is amazing that those who are so keen on planning for national defence should be so much opposed to economic and social planning, not only on a national but on an international basis. Unless we do that we shall never have freedom from the fear of aggression. As a matter of fact, I think one comes before the other. If we are to get the world into a position where we can avoid war we can do so only by getting the world together and planning for the improvement of the economic and social conditions of mankind. I hope that we shall never leave that out of the picture.

I read an article the other day, but I cannot remember the name of the periodical which contained it. The author was showing that in the matter of its natural resources the United States was not in a position now to put the same effort into a war as it did in the last one, simply because of the lack of these natural resources which are today called upon in a great war such as the last two. These wars are the wasters, not only of our human resources but of our natural resources which are needed for economic development. We should not—I am glad that the minister did not do so—in our preparation to defend ourselves, consider that war is inevitable. Today there are strong forces working for peace as well as those forces which we believe are working for war, or at least working for that kind of economic chaos which naturally leads to war.

I do not know that there is anything further I can say or need to say on this matter, except I hope that the government will do everything within its power while it is preparing the defence of this country, associating ourselves with other countries that are of like mind, to build up the economic and social conditions of the world wherever we can, because I am satisfied that that is the only way in which peace can be maintained.

Mr. BLACKMORE: The minister is confronted with the task of enlisting young Canadians to build a new Canadian army, an army adequate for a possible world war III. The task is to be accomplished within living and immediate memory of world war II just finished. Men will not readily enlist, unless they have implicit confidence in the unblemished honour of their government in respect of keeping its promises.

Military success depends largely on morale; for lack of morale in the forces, or among the people, can play directly into the hands of the communists. One of the worst enemies of morale is a sense of injustice. Because of this fact, I consider it my duty to bring to the minister's attention the case of a veteran of world war II, namely, Thomas P. Harvey, No. D76502.

There is a saying that used to be passed about among people when I was a boy, that the non-thrifty housekeeper could throw more out of the back door with a teaspoon than a good providing husband could throw in through the front door with a scoop shovel. It is quite conceivable that in a government such as ours we could have an unthrifty department somewhere throwing more morale out with a teaspoon through the back door than the minister could throw in through the front door with a scoop shovel, endeavouring to build up morale with which he can enlist a suitable army and maintain a suitable spirit among the people to enable Canada to fight the kind of fight that she has fought so splendidly in two world wars.

I am afraid that the Canadian people as a whole, and the army as a whole, after world war I were disillusioned. I am afraid that, after world war II, the state of mind was not disillusionment but embitterment. For that reason I am going on the borderline of order to bring this matter to the attention of the minister, which I think is only a type of similar things which are in progress in different parts of Canada, and which are tending to embitter

the people of Canada and make them so, that probably in the case of another emergency we shall not have that alacrity which existed in world war I; or that, shall I say, submissiveness which existed in world war II. We might have active hostility toward military participation of the nation. According to the best evidence I can find, this is the greatest danger which confronts us in case of a war with the nation of which we all think but do not care to speak as being our possible next enemy.

Before the orders of the day were called this morning, I endeavoured to ask three questions which I thought were of vital importance to the minister and which, in the absence of certain other ministers, perhaps he should urge should be answered without further delay. The questions were:

Will the minister ascertain and announce to the house at the earliest possible date the answer to each of the following questions:

1. Where is veteran T. Harvey, regimental No. D76502 and pension No. 550593, known to have been discharged from Ste. Anne's hospital, Ste. Anne de Bellevue, P.Q., on June 14, 1948; known to have been in Ottawa June 17, 1948; known to have been at 507 Place d'Armes, Montreal, some time since June 17?

2. Has the said veteran Harvey been forcibly detained some time since June 18, 1948?

3. Is the said veteran Harvey now being denied freedom to communicate with certain of his friends outside of his present place of abode?

I am still anxiously uncertain as to the whereabouts of veteran Harvey, and I say this in all earnestness to the minister. If the evidence which I have should prove to be valid, then I am afraid that his case is a matter which everyone in Canada and this government should seek to ferret out with no further delay.

Mr. CLAXTON: I am not quite clear whether the hon. member suggests that the Department of National Defence has anything to do with this man. I say that, because it would not appear that the Department of National Defence had anything whatever to do with him.

Mr. BLACKMORE: It may be that the Department of National Defence does not have anything to do with the case. I am not exactly sure, but I cannot see how in the world the Department of National Defence can conduct its affairs in preparation for world war III effectively, unless the Department of Veterans Affairs is taking proper care of the people who fought in world war II.

The CHAIRMAN: Order.

Mr. BLACKMORE: For the reason which I indicated—

The CHAIRMAN: Order. The question which the hon. member is raising is one for the Department of Veterans Affairs. I gather from what he has said that the man to whom he refers has been discharged from the army. If that is correct, the matter should be taken up with another department and not with the Department of National Defence. There is nothing in these estimates that would enable the hon. member to go into that question.

Mr. BLACKMORE: If that is your ruling, Mr. Chairman, and if that is the desire of the minister, then I shall defer consideration of this case until a more appropriate time. I have brought the name of the gentleman to the minister's attention and the minister has kindly listened to the questions. I would urge upon him that he take some sort of measure to see that injustices similar to those which I fear have been perpetrated upon veteran Harvey shall be removed from all veterans before long.

Mr. CLAXTON: I will ask my colleague the Minister of Veterans Affairs to look into the case at once.

Mr. BLACKMORE: I thank the minister. I have little else to say. I will say no more regarding this particular matter.

May I conclude, however, by saying that I am well pleased with the minister. I have been watching him closely as the man upon whom the fate of Canada and perhaps of the British empire hangs or will hang in the future. Naturally, being a citizen of both these units, I am deeply concerned. I believe the country's military affairs are in good hands, and I assure the minister that we will do all we can in our group to support him in the arduous task to which he has been called. At the same time, whenever we see anything in his department that calls for criticism we will not hesitate to bring the matter to his attention with all the emphasis we may find it possible to summon.

Mr. FULTON: The minister has made a lengthy and important statement of defence policy in introducing his estimates this afternoon. Certainly, to those of us who for some years have strenuously advocated that there should be regular statements and discussion of defence policy, the minister's practice, last year and again this year, is a source of satisfaction, and we should like to express our agreement with the course he has followed. But inasmuch as the statement is so important, we would not be discharging our part of the duty that rests upon us all if we let it go without some comment.

Critical analysis has already been made by the hon. member for Nanaimo (Mr. Pearkes), and the hon. member for Trinity (Mr. Skey), but there are other features of the statement which require some analysis and comment because, although it is a source of great satisfaction that we have had the statement, and are not left with the feeling that defence matters are being treated inadequately in that respect, I feel that some aspects of the policy outlined in the statement are inadequate. It is the inadequacy of the policy that I should like to examine for a few minutes before going on to the other question that I wish to discuss, namely the position of our reserve force.

In analysing the statement the minister made this afternoon, and statements he has made on other occasions in this house and in speeches outside the house, one can only gain the impression that the present assumption of the department is that the next war will probably be fought on the same terms as the last one; that is to say, any war which might be thrust upon us in the near future will be fought on the same basis as the war which was concluded just three years ago.

There seem to be two parts to that assumption. There are some signs of planning or willingness to plan for a war which might be thrust upon us in ten or fifteen years' time—what might be called a deliberate war. I think, however, it is safe to assert that the assumption is that what is regarded as an accidental war, or what the department calls an accidental war, which might come within the next two or three years, shall we say, will be fought on exactly the same general basis, the same general plan of campaign, as the war we have just finished.

That, to my mind, is a basically unsound assumption, and any plans for Canada's defence based upon that assumption are unsound and inadequate. It seems to me that there are many factors which when analysed should convince us that any war, whether it comes in the next one, two or three years, or in fifteen or twenty years' time, will be fought on a basis vastly different from that on which the war that started in 1939 was fought. It follows, therefore, that Canada's defence policy should consist of much more than plans for what I believe is called a deliberate war, a war in the fairly distant future.

With regard to an immediate or accidental war, I suggest that if war came at any time in the near future it would be an accident as far as we are concerned, although we can depend upon it that in the minds of those nations which would be the aggressors there would be nothing accidental about it. It would come because they thought that by a sudden war they could obtain an initial advantage which would make it a short war.

So long as we continue to base our plans for defence on the assumption that war, if it came, would be fought on the same basis as the last war; so long as our plans are predicated on that idea, I suggest that any war in the next two or three years would in fact be a short one because our preparations would be totally inadequate.

That means that even the short-range defence policy must be so designed as to take into account the progress made in weapons, armaments and tactics during and since the last war. Here I would refer to the minister's statement of this afternoon. He said that "a second danger is that we should come to regard war as inevitable." That, of course, is quite true; it is a mental attitude that must be resisted. But he went on to say that "a third danger is that we should commit our future resources to expenditures, equipment and plans that will be out of date when needed."

Of course that is a danger; nevertheless it is a fact which we must face. We must have some equipment and some plans, and we must make some expenditures to meet the possibility of war in the immediate future and, as I have said, to meet the fact that war when it comes will be fought on a vastly different basis from the last one. What seems to be happening at the present time is that the department is so much concerned not to build weapons and prepare plans which will be out of date ten or fifteen years from now that it may fall into the trap of having virtually no plans and no weapons adequate to meet an immediate war. If the assumption of the department that an immediate war would be fought on the same terms as the last one were correct, the danger I see would be minimized. But certain as I am that an immediate war would be fought on a different basis, the weakness in the department's analysis becomes evident, and that is the main weakness in the defence policy being at present pursued.

Another point which shows the weakness to which the policy exposes us is contained in another part of the minister's statement where he analyses Canada's present defence aims and objectives. He lays down as a first objective:

> To provide the force estimated to be necessary to defend Canada against any sudden direct attack that could be or is likely to be directed against it in the near future.

This objective, to my mind, if we accept it —and I think it is a sound objective that should be and will be accepted—obviously imposes on us the necessity of having forces

adequate to meet that sudden attack. That attack may come in the immediate future—in one, two or three years. On the other hand, if we are so obsessed with the idea of not having out-of-date plans and equipment that we have virtually no plans, equipment and forces at all for the near future, then obviously we shall not be in a position to meet that danger and to achieve our first objective.

The first requirement in order to meet that first objective is obviously that we should have sufficient forces with which to meet the danger; and because of our peculiar position, that involves the necessity of strong and prepared reserves capable of immediate mobilization and formation into an effective fighting force. Here again, when we analyse the figures with regard to our reserves, as I shall do in a moment, it seems to me that we can see the weakness in the department's plans for meeting the immediate war.

In further analysis of this weakness, I should like to refer the committee to the minister's statement where he discusses the possibility of a push-button war. I agree with him to some extent that, to talk of a push-button war and to concentrate on that as an immediate likelihood, might lead us into dangers and wrong courses of action. On the other hand, I think the minister and the department have been led into discounting altogether the possibility of such a war in the immediate future, and into going so far as to say in effect that in the immediate future there will be no substantial change in the weapons and tactics from those with which we started the war just concluded.

I wish to refer to a passage of the statement the minister made this afternoon in which he said:

> Theoretically—

And I should like to emphasize that word.

> —it is possible for missiles to be guided by various devices to their destination hundreds, if not thousands, of miles away.

It is not only theoretically possible; it is actually possible. It was being done at the end of the last war. V-1 rockets were used for one and a half years before the end of the last war. V-2's or guided missiles were being used at the end of the last war. Those who have had practical experience in the matter and know the over-all picture, have said in no uncertain terms, that had it not been for the fact that by 1945 we had attained land and air superiority over the enemy so that we could overrun his territory and take over his bases, thus preventing him from using those guided missiles, the outcome of the war might have been much different from what it was. Certainly the fate of London and of other cities in England would have been horrible to contemplate. The point is, of course, that these missiles or weapons were in existence, were being used at the end of the last war and will be used in larger numbers, and in more perfectly developed form, at the beginning of any war in the future.

Mr. CLAXTON: On ranges of about 200 miles.

Mr. FULTON: I think that is an entirely unwarranted assumption when one remembers—

Mr. CLAXTON: I admit they were used. But I asked if it is not true that they were used at the end of the war on ranges up to about 200 miles?

Mr. FULTON: That is not my impression. I should not care to engage in an argument on that basis, but my recollection is that the ranges were considerably more than 200 miles. But we must remember this fact. Russia is the country which took over that portion of Germany in which experiments on those weapons were being carried on. It certainly would be a false assumption to suppose that Russia, as well as ourselves, has refrained from any further development of guided missiles.

The minister went on in that portion of his remarks to say this:

> But these new developments have not in fact yet been carried to the point where it is possible for them to change the character of war or make out of date either existing concepts or existing equipment.

That statement is, I think, typical of the weakness in policy which I have been pointing out. Those weapons were changing the character of war. They were making out of date existing equipment. I am not saying that the department is totally blind to the importance of research or of adapting our methods to meet possible new weapons and equipment. It would be foolish for me to make that statement categorically. But I suggest that the frame of mind which would lead to the formulation and expression of such a statement as that, indicates that at the moment we are not preparing our defence plans to meet an immediate war in any realistic fashion; that we are not bearing in mind that the character of warfare is being changed every day; and that we are in fact making no effective plans to meet the next war which, whenever it comes, I am certain will be characterized by a totally new, much more rapid, and in many respects totally unexpected, form of attack.

The whole tenor of the minister's statement in that regard indicates the belief in the minds of the department that we shall again have an

opportunity for leisurely preparation—and by "leisurely" I mean comparatively leisurely—leisurely mobilization, leisurely assembling of our forces and leisurely direction of our forces to those places where we wish to send them, and that we shall be able to conduct the war as the last one was conducted in its early stages. I maintain that the whole tenor of the minister's statement in that respect indicates that in our thinking—or if not in our thinking, in our preparations—at present we have gone little, if any, beyond the concept in our minds during the 1939-45 war.

One other portion of the minister's statement further reinforces this supposition. The minister has spoken of the necessity to take a realistic viewpoint of Canada's defence needs. He has made a point with which I take exception, because it seems to me again to be a denial of what we must do to meet an immediate war. He said in his statement:

> . . . but the fact is that by themselves our forces could never deter the Russians, nor in a general conflict could they deliver a knock-out blow.

The second portion of that statement is perhaps true, and I am not going to enter upon an argument concerning it at the moment; but the frame of mind inherent in the first portion of the statement seems to me to be open to serious criticism: "The fact is," the minister says, "that by themselves our forces could never deter the Russians." Certainly that is true of our forces as at present constituted, because they are not designed or geared to fight the type of war which I believe the Russians or any other aggressor nation would force upon us, were that war to come in the immediate future. So to that extent the statement is true. But it certainly would not be nearly so true if at the present time our forces were designed and streamlined to meet the type of warfare we shall have to meet, whether it comes this year, next year or five, ten or fifteen years from now. Of course, by themselves our forces are not going to deter Russia or any other country from attacking us, as long as they are based upon the assumption that we shall have any extended mobilization and preparation period. Just as long as we leave ourselves in that position, Russia will not be deterred by our forces, because virtually they will not exist. But if they did exist; if they were geared to meet the type of war we shall have to meet, whenever it comes, certainly the chance would be much better that they would be able to deter Russia or any other country from attacking Canada.

In this connection I should like to point out an apparent contradiction, perhaps a change of mind on the part of the minister, as between his statement today and a statement he made in Montreal in February of this year. At that time he was delivering an address at McGill university sponsored by the McGill Liberal club, and I am reading the report of that speech which appeared in the Montreal *Gazette* of February 10. The minister pointed out that American experts estimate Russia's total armed forces at around four million, compared with slightly over one million in their own country. He went on to say:

> . . . by suppressing and distorting the truth she keeps her people in ignorance and poverty behind the "iron curtain."

The report in the *Gazette* continues:

> Mr. Claxton stressed that he was not suggesting that Russia was poised on the brink of war, but merely that she and her satellities have shown that they are not ready to seek permanent security under the law, and that as a consequence—

Then the report quotes from the minister's address:

> —"Canada must ensure positive security under her own arms."

I think that that is a much more realistic approach to the problem of defence in Canada than his address this afternoon, in which he said that by themselves our forces could never deter the Russians. Of course they could not, as long as our policy remains what it is today. If it were brought up to date, however, and put on a more realistic basis, certainly it cannot be denied that they could deter the Russians and could give a very good account of themselves, if they were given a fair chance by the designing of our defence policies to meet such an attack as the Russians might direct against us. I point to the unwisdom of the minister making that statement and permitting that situation to exist. If the situation did not exist the statement might be a good camouflage; but if the statement is made and the situation exists, and the Russians or any other potential aggressors know it, it is a serious lack of realism in our defence policy.

This afternoon the minister quoted figures as to the actual strengths of our permanent and reserve forces, and compared them with the authorized strengths. My impression, which is shared by the hon. member for Nanaimo who dealt with this point, is that the figures of authorized strengths the minister gave were the ceilings at present imposed by the department, not the ceilings authorized under the act of parliament setting out the maximum for our armed forces, or the maximum authorized for our reserve forces. That being the case, of course the percentages quoted by the minister were a great deal

higher than they would have been had the comparison been between the strength today and the maximum strength in contemplation for our armed forces.

I want to give those strengths again; I want the committee, and I hope particularly the minister, to consider the position of the auxiliary air force, as an example. The importance of the air arm was emphasized by the hon. member for Trinity. I do not think any member of this committee, including the minister, would disagree as to the importance of an adequate air force in Canada's defence scheme. I am taking the auxiliary air force as an example, though admittedly it is the worst. We find that in March of this year the total authorized strength of the auxiliary Royal Canadian Air Force was 4,500; that the present authorization was 3,121 as of the date the return was made, but that the present actual strength of the auxiliary air force was only 692. Those figures are serious in view of the importance of the air arm in Canada's defence. The situation is slightly better, though serious deficiencies exist, in the actual strengths of the other arms of Canada's defence forces.

These figures, together with the other considerations I have put forward, suggest that our defence policy for the present, in reference to any war we may have forced upon us in the immediate or even more distant future, is unrealistic and, as far as the immediate future is concerned, totally inadequate.

Mr. Chairman, the arguments advanced so far, in considering Canada's defence policy, and indeed the minister's own statement, indicate the truth of the position which is generally accepted, that Canada is not able to keep adequate defence forces permanently under arms. That is to say, we are not able to maintain a great permanent force. In view of that fact however, and in order to meet the type of war we may have thrust upon us, I believe it is necessary to have large numbers of highly trained reserves. So I believe that in our defence policy the emphasis should be on building up adequate reserves of highly trained personnel. Again in that respect the policy is at present totally inadequate. Just here I should like to read a paragraph from an article by Colonel W. Goforth, former director of weapons research for the Canadian army, which appeared in *Maclean's* for June 15. At page 51, dealing with reserves, Colonel Goforth says:

> Our reserve forces are not "reserves" in the true military sense at all. A real "reservist" is a well-trained reinforcement. He is annually exercised in arms and medically examined. His combat equipment is earmarked for his immediate personal use. His transportation, pay, rations and other details are fully arranged in advance. . . . He can be promptly absorbed into a vacancy in some well organized fighting unit—ready to march. None of our Canadian reserve forces could begin to qualify on these severe but esential standards.

Colonel Goforth lays down some other requirements for national defence, which he has summarized in eight paragraphs, of which I should like to read three more.

> Canada has no civil defence whatsoever.

Those are his words.

> It is not even in the blueprint stage. So far as is known not one full-time officer or civil official is now engaged on this vital task.

He goes on in the sixth paragraph:

> Our early-warning radar is largely immobile and obsolete. Next to air interception, the most valuable means for defending Canada against any enemy air attack or air-borne invasion, is early-warning radar.

Then he continues in paragraph 8 with a point which, I suggest, should be seriously considered by all members of the committee, and certainly by the department:

> French-speaking representation in our defence organization is inadequate. One of the worst blind spots of our defence authority is its continued failure to realize that full partnership of French-speaking Canada in our armed forces is a military as well as a political necessity. So far as is known there is, today, not one representative of this vital one-third of our population in the top levels of the Canadian defence hierarchy; namely the posts of minister, deputy minister; naval, military, air and research members of the defence council; flag, general and air officers in regional commands.

And dealing further with this, he concludes:

> This case falls to the ground before the obvious fact that Canada must have the wholehearted support of both her main racial elements if she is to develop and maintain an effective defence system.

I suggest that this point should be borne in mind and studied by the department, in order to see that our French-speaking population has a more adequate representation in the defence organization; because we know that, should any threat to Canada's homeland develop, all our people will be called upon to meet it, and I am absolutely certain that the threat would be met by all our people. That being so, it is only just and necessary that all our people should have representation in the top hierarchy of our defence organization.

I have said our reserves are inadequate. It is the reserves on which we should lay emphasis in order to met any sudden or immediate war, because we cannot maintain a permanent force of sufficient size. I have given figures of our reserve air force to show how seriously deficient it is and the same general situation prevails in the other arms of our services. The

minister gave a reason this afternoon why in his view we could not have a large and highly trained reserve force. In my opinion that reason is nothing short of laughable.

I shall read the passage from his remarks where he compared the situation today with the situation as it existed in Switzerland where, as he said, the Swiss reservist used to go home with his rifle, and have it and the ammunition with him at home. The minister said he was in fact a highly trained and organized reservist of the army of those days. Then he proceeded to say that today's equipment is so complicated and so ponderous that we cannot have an adequate reserve force.

Mr. CLAXTON: I am sure my hon. friend would not wish to misquote me. I did not say anything of the kind whatsoever.

Mr. FULTON: I certainly do not wish to misquote the minister. At the moment I do not seem to be able to lay my hand on the passage where he made his statement. I believe, however, that I can state fairly that the minister did give that outline of the Swiss reserve force, and said this sort of force would not be of any use today in view of the complications in our equipment and weapons. He said you cannot take home one-sixth of a tank or one-fifth of radar machine, or any thing similar to that.

Of course you cannot take home one-sixth of a tank or one-fifth of any other machine and say you have a proper reserve force. But that is not to say that we cannot train our men in the use of tanks, that we cannot train them in the use of radar. Certainly a large part of our defence force today consists of other than riflemen. Only riflemen can take their rifles home with them. One cannot, of course, take home a piece of an aeroplane, if he is in the air force.

I have succeeded in finding in the minister's remarks at page 21 of his prepared text:

> Today only about 10 per cent of the fighting effectives of any modern force are riflemen, and even those riflemen now use six other weapons. But how would a man bring home one-sixth of a tank, one-fifth of a radar set, and so on?

The argument simply does not apply, because in order to have training in tanks, radar, the handling of aircraft and any other line of military training required by our forces, one does not have to bring the equipment home at night. He goes down to train with that equipment, and uses it during the period of training. The force is organized into a well-trained and formulated reserve unit.

As the hon. member for Nanaimo pointed out today, we have practically no such trained units in Canada at the present time. He gave figures of the number of men who have gone to camp, and indicated that in one rifle battalion there were only thirty-three. In that respect I refer to Colonel Goforth's requirement that a real reservist is a well-trained reinforcement.

In addition to trained men, to be adequate a reserve force must have organization; the units as well as the formation must be complete. As Colonel Goforth pointed out, our reserves must be given an allotted place in those units and formations, so that in the event of sudden attack we may have a reserve force capable of being sent out, capable of rapid mobilization—not leisurely, but quickly—and ready to meet an immediate threat.

In conclusion, I should like to read from the white paper on defence published last year under the authority of the present Minister of National Defence. It is based largely on the speech he made in the house on July 9, 1947, when introducing his defence estimates. Speaking about the reserve force, he is quoted at page 11 as follows:

> We can never express too warmly the appreciation this country owes to the officers, N.C.O.'s and men and their civilian friends who by their voluntary support maintained our reserve forces through the difficult period of the years between the wars.

In outlining the defence objectives last year, he mentioned these two as numbers 5 and 6:

> 5. Development of reserve forces of an age and with educational and physical standards and training approximating those of the active forces and who will in time be capable of entering speedily on active service at sea, on land or in the air.
>
> 6. Provision for reserve forces of the most modern training methods, administration and training officers, and adequate equipment.

In view of the figures given this afternoon showing the serious disproportion between the men actually on strength in the reserves and the authorized strengths, and in view of the figures given by the hon. member for Nanaimo as to the appallingly low number of men in our reserve units who went to the various training camps, it can be safely and certainly said that neither of these objectives is being carried out or fulfilled, nor are we fulfilling the debt of gratitude outlined by the minister himself.

I realize that in the remarks I have made as to the necessity for an adequately trained and organized reserve force there is a fundamental problem which must be faced. We have not the men in the forces at the moment and our program is deficient in that respect. The reasons are numerous and certainly they are highly controversial.

First, I think we should reject entirely and I think the minister should reject entirely the words which he uttered in this house on March 16 with respect to "good progress" being made in connection with recruitment and organization of the armed forces. I suggest that that is not a fact. Then we must contemplate more far-reaching steps than are at present being taken to bring our reserves up to strength. We must face the problem and find a means of solution. The problem involves a recasting of our outlook and of our whole appreciation of defence needs at the moment. It involves our having the courage to resort to the measures necessary to fulfil our plans and fill up our ranks.

Mr. HERRIDGE: Mr. Chairman, I appreciate that the minister has recently undergone an operation and is not feeling too well, and therefore I shall not speak at any length. I must say I do not claim to have the knowledge of staff principles and military organization, strategy and tactics evidenced by the previous speaker, and therefore I shall not presume to advise the minister and his advisers as to the necessary military organization for this country.

From what I have heard and observed I think the Minister of National Defence in a quiet and efficient way is doing all that is considered necessary according to the best advice he receives. The impression I get throughout the country is that the Minister of National Defence is recognized as one who does not do things with fanfare and trumpets, but is quietly working in a more efficient way than possibly a great part of the public is aware of.

I rise at this time to ask a question which I asked the minister last year. I and several other members of the house observed a military force marching past the parliament buildings some 2,000 strong. One section was bearing the latest model of Lee-Enfield rifles, while other sections showed crowns and stars on the shoulder-straps of the men. They were in full uniform. I asked the minister at that time if those troops came under the jurisdiction of the Department of National Defence and his reply was that they did not. I then asked the minister if it was legal to uniform, drill and equip troops with arms, and he said that that matter would receive his consideration and was being considered by the judge advocate general. He told me that he would give me an answer at a later date.

I have not received that answer, and I rise this afternoon to ask the minister if in the period of twelve months he has finally been able to evolve an answer.

Mr. GREEN: Mr. Chairman, if the minister is not answering the hon. member for Kootenay West at the moment I should like to place two questions before the minister. The first is this: Is the minister prepared to recommend that there be set up a committee on defence matters? This has been recommended ever since 1945, and on each occasion we have had the support of all opposition parties, and in fact the support of the Prime Minister on one or two occasions.

I would point out to the minister how important it is to have a group of members of this house who understand the nature of our defence problems and the steps that are being taken to meet them. Under our present set-up, we have these estimates up for discussion for the first time within two or three days of prorogation and hon. members have no opportunity to go into the question thoroughly. Yet this work of defending Canada is of vital importance to the nation. The minister of external affairs and the Minister of National Defence have emphasized the seriousness of the international situation, and the minister went so far today as to name countries.

It is vital that there should be a group of members in this house who are informed on questions of defence. We are attempting to fill up our ranks through a system of voluntary recruiting. This means that right across the country there should be people who know the facts and can urge our young men to join the forces. If we had a committee on defence matters there would be a group of members in a position to take a lead in assisting with recruiting. Two or three years ago we set up a committee on external affairs, and the fact that that committee was set up has greaty increased the interest taken in this house in matters having to do with external affairs.

My second question is this: Why do we not have a mobile brigade up to full strength? That plan was announced by the previous minister of national defence on October 16, 1945. At that time the then minister, after referring to the reserve army, went on to deal with the active army in these words:

> The second will be the permanently employed active force, whose duty it will be to assist in the training and administration of the reserve army and to supply the necessary staffs, services and scientific research and development personnel, augmented by a small formation of essential field units. This formation will be maintained as a trained field force, fully equipped, ready to meet whatever commitments may arise. Until we know more about our international obligations and consequent requirements, these active force units will be retained as a minimum and would be subject to whatever expansion

might later be required in the light of any obligations which we might accept to assist in maintaining the peace of the world. Preliminary estimates indicate that the numbers involved in the active permanently employed force will be between 20,000 and 25,000 all ranks.

Of course that is much higher than the number we now have. The minister pointed out today that the main duties of the army were, first, to prepare a force to defend Canada against sudden or direct attack now or in the near future. He went on to say that this brigade group was to be a trained and equipped force to deal with any diversionary attack. I think we are all agreed that this is the minimum of the force we should have. I cannot understand why we do not bring this brigade up to full strength and keep it at all times ready to fight. I should like to know why it is that we have deviated from the original intention, which was that this brigade group should be up to strength, fully trained and ready to fight on short notice.

Mr. CLAXTON: May I have a word before we rise? I should like to express my appreciation to the hon. member for Nanaimo and to others who have been good enough to make kindly references to my recovery from a recent operation. As hon. members know, I am blessed with unusually good health, and therefore any interruption of it is upsetting, but I am very glad to be back in the house.

I should like also to express appreciation of the constructive and helpful way in which the debate has proceeded. A number of points have been raised to which I should like to refer, and I shall do that at the earliest possible moment when the committee next sits, which will be at eight o'clock.

At six o'clock the committee took recess.

After Recess

The committee resumed at eight o'clock.

The DEPUTY CHAIRMAN: Item 231.

Mr. CLAXTON: Mr. Chairman, before the committee rose at six o'clock, some questions were raised to which I should make reply. The hon. member for Nanaimo, in his interesting remarks, referred to a matter also referred to by the hon. member for Kamloops, with regard to the readiness of the armed forces of Canada to meet sudden attack, which was the first point I made as one of the objectives of the defence forces of Canada.

When this question is raised, it is desirable to examine, however briefly, from what sources there could come a possible attack. As I said in my opening remarks, the only possible aggressor is the Soviet union, and the only way the Soviet union can attack Canada is by sea or by air. By sea, since the Soviet union has no large fleet, attack would be possible only by submarine. Of the two, I think we may regard air as the more likely means of attack.

Without going into this in any detail, I would ask hon. members to consider the probabilities of any such attack in view of the distance, the strategic objectives that might be achieved, and the air lift the Soviet union might have.

Mr. FULTON: Would the minister permit one question in order that he might deal with it in his reply? Would he concede the fact that the sea distance between Soviet Russia and the outer islands of Alaska is less than fifty miles and conceivably an attack might come that way, a short sea attack, followed by a land attack?

Mr. CLAXTON: If such an attack occurred it would surely be made on the territory nearest to the Soviet union, that is the territory of the United States in Alaska. How they could bypass that and attack the coast of British Columbia is rather difficult to see. Should such an attack occur, the only possibility that need be considered at the present time is that of an attack by air, and there we would have to estimate the ability of the Soviet union to give an air lift that would enable such an attack to be made, and then see what would be likely to be the result of that attack.

It is difficult to say how many four-engine planes the Soviet union has, but I am sure my hon. friends are thinking of something in the neighbourhood of a division.

Mr. FULTON: No, much more.

Mr. CLAXTON: I see. Well, let us take a division. A division would probably take 1,000 four-engine planes one way, and I should think the result of that would be that the planes would be lost and that the people who landed would be lost too.

Mr. FULTON: Has the minister not contemplated the possibility of a shuttle service?

Mr. CLAXTON: A shuttle service over a distance of something like 4,000 miles is inconceivable. The attackers could be mopped up stage by stage as they come along.

Mr. FULTON: What about the twenty-mile barrier to Alaska?

Mr. CLAXTON: That is another problem, the problem of the United States of America. We are talking about Canada at the present time.

I imagine that the United States forces are adequate to deal with that. If they are not, the Americans will see to it. But when you consider the prospects of such an attack on Canada, you have to consider the possible strategic benefits which might result from an attack of that kind. The only result would be that the Soviet union would lose the 1,000 planes they had sent over, if they had 1,000 planes of that type to send over, which I doubt, and then they would lose the men they had landed.

That is why I made the point I did on the advice that was available to me, that the only kind of attack which is envisaged as possible should war break out in the immediate future is an attack of a diversionary nature which would be cleared up quite speedily.

Mr. PEARKES: Before the minister leaves that point, would he permit a question? I see the possibility of the loss of these 1,000 planes, provided that we have something whereby to inflict those casualties upon the enemy. I should like to know what we have in our air force at the present time, or in any other air force, which might reasonably be expected to inflict 1,000 casualties on planes coming here, if that were the case. And I presume those 1,000 planes would be at least escorted by protective aircraft, fighters of some sort. I cannot believe that they would just crash for the fun of it.

Mr. CLAXTON: There are no fighters in the world that can go 4,000 miles or anything like the distance that would be involved. I do not even suggest that the planes would be knocked down as they came, because everyone knows that one, two, three or any considerable number of planes can get through in any area of the world. But the question is what happens after they do get through. I suggest that the probability that has to be taken into account in our calculations of any such attack is so slight at the present time that it is something that hardly needs being counted in the realm of active possibility; for, as I suggested, the outcome would be certain and the strategic advantages would be nil.

Mr. FULTON: Why?

The DEPUTY CHAIRMAN: Order.

Mr. FULTON: Why would the strategic advantage be nil?

Mr. CLAXTON: Because the forces would be destroyed within a short time.

Mr. FULTON: By whom?

Mr. CLAXTON: By our Canadians.

Mr. FULTON: By our 25,000 men?

The DEPUTY CHAIRMAN: Order.

Mr. CLAXTON: Then my hon. friend spoke about the number of officers and men in the reserve army who were at camp during the season 1947-48. As he knows, the purpose of the reserve army camps in 1947-48 was to give training to officers, N.C.O.'s and a small cadre of tradesmen. The numbers which he referred to—which were small, of course—were the numbers of officers, N.C.O.'s and tradesmen who were available to take that training at that time. In this connection and also in connection with the reference made by the hon. member for Kamloops to the article by Mr. Wallace Goforth on the nature of our reserves, I might suggest that the remarks which have been made about our reserves might have been made with equal truth about any of the reserves, let us say, the national guard in the United States or the territorial army of the United Kingdom. To indicate as clearly as I can the state of preparation arrived at in Canada in comparison with that in other countries, I should like to refer to the remarks of Lord Nathan, the government leader in the House of Lords, in a speech he made in a debate on defence on March 17, 1948, in which he said:

> The forces are still in the throes of the extensive reorganization which is inevitable at the end of a great war.

Mr. FULTON: When were these remarks made?

Mr. CLAXTON: On March 17, 1948. To continue:

> The enormous temporary element which constituted the great bulk of the strength in 1945 has had to be released as speedily as possible, and at the same time the much depleted regular element built up. During such a period of drastic reorganization, the forces cannot use their manpower to the best advantage. Personnel in units are constantly changing. Trained and experienced men have to be replaced by untrained men and, as a result, a disproportionate amount of manpower and time has to be allotted to the training of individuals. We are now at the moment of transition, and obviously that must inescapably be a most difficult time for the services.

Then he went on later to say:

> . . . the regular forces have been building up, and they have already been built up to a figure of upwards of 350,000, which tops the pre-war figure . . . The various auxiliary forces have been re-established on a voluntary basis. A start has already been made and nearly 43,000 recruits have been obtained to date. On the whole, I do not think that is too bad. In the territorial army in particular, it has been necesary . . . to build up slowly, pending the provision of accommodation and other facilities.

In the United States the national guard, which is the equivalent of our reserve forces, has a present strength, for the army and air force together, of 234,000. Australia and New Zealand will begin recruiting for the reserve force on July 1, 1948. I suggest to hon. members that against this background the record of achievement of our reserve forces since the war has been good. It is not as good as I should like to see it, but it reflects great credit on the officers and men who have been giving their time to this important work. When we compare the present situation with the situation as it was after the first great war, when I myself was in the non-permanent active militia, we can see a great change in the size, equipment, training facilities, pay, strength and quality of the reserve forces. Our hope is that, with the support of hon. members and others, the reserves may be built up just as speedily as possible, so that they will be an effective fighting force to take their part in the defence of Canada and serve as the nucleus of a larger force should it be necessary.

The hon. member for Nanaimo remarked on the fact that we had no submarines. That is quite true. We have never felt it necessary in Canada to have submarines, except for the purpose of anti-submarine warfare training. We feel that it is much easier for us to borrow or obtain the services of a British or a United States submarine when that is desirable, rather than to go into this business ourselves and try to establish a submarine service which inevitably would be dependent on either British or United States sources for the submarines and also for the modifications necessary to bring them up to date.

The hon. member for Nanaimo made an agreeable reference to the ordnance corps depot here. He remarked on the fact that, while certain men were piling puttees, different men were needed to pile bandages. That is an easy reference, if I may say so, and I interjected, "Can we use the same personnel to mix paint as we use to mix medicine?" At the depot here we have the central medical stores for all three services of Canada under the command of an officer of the Canadian army medical corps. He is in charge of the medical stores there and of their care and distribution, and also a large quantity of drugs is manufactured and quantities of supplies are made up. This work requires specially trained personnel. However, the close working relationship with the members of the Canadian ordnance corps is indicated by the hon. member's own remark, that when he came into the part of the building that was devoted to the central medical stores, he was shown over the place by a medical officer. I do not know who else should have shown him over it.

The hon. member also referred to the question of civil defence. We have had this matter under consideration for some time; and, as hon. members know, it is a matter to which the greatest attention must be devoted to secure, first of all, close co-operation between the federal government agencies that may be concerned, which would include national defence, justice—namely, the R.C.M.P.—national health and welfare, and transport. From there we move into the field of close working relationships with the provinces and, through them, with their agencies, the municipalities. That work is in hand; preliminary studies have been made. I can assure hon. members that it is not proposed at present to set up civil defence establishments across Canada, as we believe this would be a waste of effort and time. The work will be directed to seeing what should be done, and to arrive at sound plans that can be put into effect with people with whom they have been discussed and worked out so that, in case of need, anything necessary may be done in good time. In this regard, United States secretary of defence Forrestal last May announced the appointment of a similar agency; and we shall get into touch with the people there who are actively engaged in this work as well as the people in England, and correlate their experience with our own during the last war. Then we will work out a plan which will be constantly kept up to date as part of the war book, in preparation for any emergency.

The hon. member referred to shortages of equipment and shortage of the means of producing air force equipment. This was also referred to by the hon. member for Trinity and the hon. member for Kamloops.

Mr. SKEY: I did not refer to any shortages. I said we should produce the equipment.

Mr. CLAXTON: That is right. On the question of shortages referred to at some length by the hon. member for Kamloops and mentioned in passing by the hon. member for Nanaimo, I should like to know what equipment we are short of, which we should have, and which it would be useful for us to have at the present time. As far as I know, we are not short of any such equipment. We had large stocks of the latest equipment at the end of the second world war, and, in addition, since that time we have acquired considerable quantities of equipment of various types. I repeat, I should like to know what equipment we are short of for the active or reserve forces. If we are short of any equipment which we should have we shall be glad to look into the question and see whether it would be useful for us to

acquire that equipment now rather than run such risks as there may be—and there may be risks which we may have to run—in waiting until, in the not too distant future, we may have or be able to obtain something much better. I point out that if we follow every type of equipment we have, or that any nation which might fight in a future war has or might have, through every modification it will take a great deal more money than this country will be willing to spend on defence. The fact is that we have to make our estimate of the risks involved, and keep up to date with knowledge, information, plans and designs, and from time to time make modifications or introduce such new equipment as we feel may be justified by the need.

The hon. member for Trinity referred to the question of standardization, and one of the points he made was that the matters listed in my statement were in the wrong order, that I should have put the last thing first. I am quite willing to put it first. I assure him that his interesting and useful remarks are along the line of the discussions that have been entered into by the officers of the department from time to time with their opposite numbers in the United Kingdom and the United States; and they are the subject of constant consideration.

There was one point, however, on which I should make one comment. The hon. member did say he thought it would be a good thing if we could produce in Canada some of the planes we have to acquire either from Britain or from the United States, the Vampires from Britain and the Mustangs from the United States; and he suggested that it might be possible to have a British firm come to Canada to manufacture Vampire planes here.

That is an interesting suggestion, but I wonder what would be the implications. If such a firm came to Canada it would have a market here to the extent of such Vampire planes as we were ready to buy. They would be very expensive, because the Canadian producer would have to tool up and produce a limited number of such planes, since our needs are not large. If the planes were produced for sale in sterling bloc areas, then the British government or the purchasers would have to find Canadian dollars with which to buy the product of their subsidiary in Canada. That is not an attractive proposition, and I doubt very much whether any British firm would enter into such an undertaking. With regard to the production in Canada of American type planes, there again it would be much more economic for us to purchase the planes from the United States.

Mr. SKEY: But what about the loss of exchange, and the loss of employment?

Mr. CLAXTON: My hon. friend himself said that, even if the planes were produced in Canada, some sixty per cent of the content—I think that was the figure he indicated—would have to be purchased in the United States.

Mr. SKEY: At least we would break even.

Mr. CLAXTON: That would still leave the out-go to the United States as a considerable item.

Mr. SKEY: If the minister will permit, I suggested that we produce machines here for sale to the United States as well as for use by the Canadian air force.

Mr. CLAXTON: It is an interesting proposition which we are exploring in every direction, I can assure the hon. member—but not with Mustangs—

Mr. SKEY: I would not think so.

Mr. CLAXTON: —because that would not be profitable. Also the Mustang is an intermediate plane which will soon be replaced by something else. No; our attitude toward this matter is that the right course for us to follow is to produce in Canada a plane designed particularly to meet Canadian needs. Toward that end we have been working for several years. Through A. V. Roe in Toronto we have produced in the Chinook engine the prototype of what looks likely to be a very good jet engine. The airframe is being tested; and if that two-seated long-range fighter tests out satisfactorily, that will be the kind of plane which we should produce in Canada. But until we can find out whether we have or have not a good plane, it would probably be wise on our part to postpone all possible purchases or ventures in this field; not to the point of danger, but postpone it to the point where we may be able to get a Canadian plane at about the same time as we might get a plane of British manufacture. If we placed orders for Vampires or other British planes now it would be a considerable number of months before they were delivered.

I can tell the hon. member that the subject is being thoroughly explored and followed up.

The hon. member for Kamloops referred to the question of equipment as if we were short of modern equipment or modern plans. We have quantities of the latest equipment in use at the end—not the beginning—of the second world war. Our officers are in communication with their opposite numbers both in the United States and in the United Kingdom, not only revising plans but examining designs of equip-

ment, and generally keeping their fingers upon the latest developments.

The hon. member suggested that my phrase that the Canadian forces "could by themselves never deter the Russians" was ill-advised. I shall stand by my phrase. I think that is common sense. No nation of 12,000,000 people could alone deter a powerful nation, one apparently with the aggressive inclinations, and having the resources and the strength of Russia.

Mr. FULTON: I, too, will stand by that statement so far as our present forces are concerned.

Mr. CLAXTON: Yes. Then the hon. member made some reference to the air force. I made perfectly clear the reason why the air force auxiliary was not as large as we would like to see it, namely, a shortage of ground-crew. The reason why we are short of ground-crew is that there is full employment in industry, and it is difficult either to recruit trained tradesmen as regular air force personnel or to get men to join the auxiliary force and to do at night, part time, the same kind of work they are doing in the daytime. However, recently much better progress is being made, and techniques of recruiting have been developed which we hope will cure that situation.

The hon. member referred to Mr. Goforth's article, and particularly his references to the desirability of there being officers and men from the French-speaking section of the population. With that, of course, I agree. With regard to the first six points of Mr. Goforth's article, I suggest that he might have made them with equal accuracy respecting the United States, the United Kingdom or any other country, as he did respecting this country.

Mr. FULTON: Oh, no.

Mr. CLAXTON: Oh, yes. But the matter of the French-speaking personnel is a special Canadian question, and is one which I must say I have had under my own personal consideration ever since I was appointed to the department. It involves difficulties, and we are doing everything possible to meet those difficulties. May I add that we are trying to have the largest possible number of English-speaking officers in the armed forces learn the French language. At every headquarters throughout Canada there are voluntary classes, one of which was at national defence headquarters here in Ottawa. I believe at one time there were 276 officers taking lessons in French. We regard that as desirable, and hope that Canada will have, as nearly as possible, a bilingual army. What Mr. Goforth stated with respect to senior officers might be technically correct; but there is an associate deputy minister holding the rank of deputy minister, who is French-speaking. I refer to Colonel Matthieu, a gentleman with a distinguished war record. Two of the area commanders, Brigadier Bernatchez at Winnipeg and Brigadier Allard at Quebec, both with fine war records, are French-speaking.

The hon. member tried to make some play on my reference to the Swiss reserves. The point of my remark was to show how much more complicated the process of defence had become as compared with what it was when that kind of reserve force obtained in Switzerland. Our own reserve force units are equipped with tanks, radar apparatus, anti-aircraft guns and all the latest equipment to a point where some of them are being almost crowded out of their armouries because they have so much equipment. That is one of the points we shall have to follow up, in an endeavour to provide more accommodation.

The hon. member referred to the fact that back in March I had said that "good progress" is being made with regard to recruiting. That was an encouraging and proper kind of remark to make. I also wish to see better progress made with regard to recruiting. But the fact that in one year we have recruited a number of men roughly equivalent to the total strength of the permanent force, on the average, between 1930 and 1939, particularly at a time of full employment, is an indication that the armed forces have an appeal for the young men of this country. We hope the armed forces will continue to have that appeal, and that more of our young men will enlist.

The hon. member for Kootenay West referred to a question he raised on July 9 last with regard to the drilling of some uniformed personnel who were not members of the armed forces and who had, as he said, the latest model of Lee-Enfield rifles. At that time, following his question, I thought I had given him all the information available on the subject. A full investigation was made, but by the time he brought the matter up it was not possible to find out the full particulars. Under section 99 of the criminal code the governor in council may issue an order prohibiting drilling in uniform. I believe such an order was issued back in 1916, and since then it has been rather difficult to trace what has happened. We are not aware of any unauthorized body of men in Canada being equipped with Lee-Enfield rifles. There is a report that some Ross rifles were disposed of as surplus immediately after the first great war to some organization, and it is possible that is what his question relates to. If I have not answered him sufficiently I will try to get further information and answer him privately later.

The hon. member for Vancouver South again raised the question as to whether the government would entertain the possibility of having a committee on defence matters. As I pointed out when that question was raised last year, my own personal inclination would be in favour of that course. I can see quite a few advantages from my own point of view as minister in having an opportunity of talking things over and having them explained in such a committee. I must say, however, that the suggestion raises considerations far greater than any such personal inclinations, and those considerations I have put before the house and this committee on a previous occasion. I do not do so in any final sense, but I must say this, that once you get into the appointment of functional committees dealing with the work and operations of a single department of the government, you begin to approximate our system of government much more closely to that of the United States.

Mr. GREEN: What about the committee on external affairs?

Mr. CLAXTON: I am not going to defend the appointment of that committee, and I do not suggest that it should necessarily form a precedent for others, but I do suggest that our system of government, with the executive responsible through parliament to the people and modeled on the British system, is something we ought to cherish and to watch most carefully. The appointment of functional committees of the type suggested tends to approximate our system much more closely to that of the United States and therefore should be watched with a careful eye. However, once again I can assure the hon. member for Vancouver South that his suggestion has a lot to commend it, and I shall be very glad indeed to call it to the attention of my colleagues. But there again the appointment of committees is a matter for the judgment of the house and it is for the house to decide.

The other question the hon. member asked was with regard to the mobile brigade. That mobile brigade still forms, as I indicated in my statement today, the main agency by which Canada would deal with any direct attack on Canada. There has been no abandonment of it whatever. It is in training now. The armoured and infantry battalions have been grouped together at Petawawa for the first time and this summer will engage in unit training. The other branches of it are at Rivers, where the army-air co-operation school is located, at Chilliwack where there is the engineers' school, and at Shilo the artillery school, and other branches are at other places.

The brigade is being trained. We have got through the stage of training the trainers, which is the first stage, and now the men themselves are receiving unit training.

Mr. GREEN: My question was, why is the force not recruited up to full strength?

Mr. CLAXTON: It is being recruited, as fast as the recruits come in, toward full strength. I hope I have answered the questions raised, and if there are any others I shall be glad to answer them.

Mr. PEARKES: Mr. Chairman, we appreciate the minister's returning tonight to give answers to the various questions which were raised here this afternoon, because I understand that he is really breaking doctor's orders in being here, that he is, in military language, A.W.O.L. from hospital. There are various other questions I should like to raise and I believe other members have questions but perhaps we can raise them on other items. No doubt an opportunity will be given when these estimates are before us again.

There is just one thing I should like to say before the minister goes, and that is to point out what seems somewhat of an inconsistency between the statement that he read and the remarks that he has made this evening. This afternoon he referred to the fact that it was now possible to set down Canada's present defence aims and objectives. They are (1) To provide a force estimated to be necessary to defend Canada against any sudden direct attack that could be or is likely to be directed against her in the near future. When we pointed out the fact, as we gathered it from other parts of his statement, that we felt Canada had not anything in the way of a defence force to meet this attack, the minister this evening said: Oh, there is not going to be any such threat. That is like putting up a coconut-shy just for the purpose of throwing balls at a coconut.

Mr. GILLIS: I hate to get into this discussion with military experts. The only practical suggestion made this afternoon and this evening was that made by the hon. member for Vancouver South when he suggested, as he has done on previous occasions, that a committee of this house be set up for the purpose of studying the defences of Canada in co-operation with the military authorities. Over 100 members of this house are ex-service personnel with war experience in varying capacities, and they could contribute something to the headquarters personnel in mapping out the defence requirements and defence

estimates of the country. I would strongly urge the minister to give that suggestion his serious consideration.

But what really prompted me to get up at this time was the repeated emphasis by hon. members to my right that the defence plans of Canada must be based on a threat of aggression from Russia. I think that is absolutely wrong.

Mr. MERRITT: The minister said it.

Mr. GILLIS: I think it is absolutely wrong for any member of this house representing the public of Canada to take the attitude that the defence of Canada must be built on the possibility of aggression by Russia.

Mr. FULTON: Our whole point was that it should be built against aggression from any point, including Russia.

Mr. GILLIS: That is not what you said.

Mr. FULTON: I know what I said. You were not here when I said it.

Mr. GILLIS: I remember when you made your first speech and your second speech. I listened carefully—

Mr. FULTON: It shows how wrong you were.

Mr. GILLIS: Just a minute; wait until I am through.

Mr. MERRITT: Not a man overseas.

Mr. GILLIS: I am going to tell you something about your own part of the country with regard to defence which I think is essential at this time, and I hope you will be doing something about it before I am through. Defence, as everything else, is a practical matter. It is not a matter of dreaming or of theories. It is only about three years since we finished a war, a war to end wars, a war against aggression and tyranny, and we broke the only force in the world that threatened the world. All the nations which are united today in the united nations were allied together for that purpose. We succeeded in a common objective, namely, defeating the forces of aggression. Since the end of that war we formed the united nations. That is the cornerstone of Canada's foreign policy, and also the cornerstone of Canada's defence policy.

Mr. SKEY: It is more like a millstone.

Mr. GILLIS: All right; when we accepted the charter of the united nations we decided to band ourselves together for the purpose of bringing the nations together in one world, of setting up a common front of the nations of the world, which were allied together, to save democracy and freedom and to expand it. We formed ourselves in what, in my opinion, is the basis of government at the international level. There are quarrels, and all that kind of thing, but under the united nations charter Canada and all the nations which are within that machinery today, decided that certain things were to be done to secure the peace of the world.

An international peace force was to be set up. We had a common objective; we said we would crack down on aggressors, and Russia as part of the international machine—

Mr. SKEY: She is the brakes.

Mr. GILLIS: Just a minute, now. She may or may not be. Do not forget this. It is not as simple as all that. You are dealing with people of different nationalities, different languages, different outlooks on life, different experiences, backgrounds and environments. Perhaps her thinking is conditioned on her experiences, her background and her environment. I am very hopeful. I am not prepared to stand up in my place in this house at any time and advocate, or listen to someone advocate, that the basic policy on defence in Canada should be built up on the fear of aggression from one of our former allies. I do not think it exists. I am not afraid of a major war from any direction in your lifetime or in mine.

What my hon. friends fail to realize is that the war which they fear has been going on since 1945. It is an economic war.

Mr. FULTON: All we are afraid of is that, after fighting a war from 1939 to 1945, we may have to do so again. We do not want to have to do so again.

Mr. GILLIS: We are not going to have to fight another war unless you promote it.

Mr. MERRITT: What are you advocating —disarmament?

Mr. GILLIS: No. If you listen for a minute I shall tell you.

The DEPUTY CHAIRMAN: Order.

Mr. SINCLAIR: Give in to the commies and you will not have to fight another war.

Mr. GILLIS: I am not giving in to the commies at all, and my hon. friend has too much sense not to know that.

Mr. FULTON: You are not realistic.

Mr. GILLIS: I am trying to be realistic. This standing up in the house and saying we are afraid that someone is going to attack us just will not do. I am telling you I am not afraid that someone is going to attack us.

Mr. FERGUSON: That is fine.

Mr. GILLIS: You are being swallowed up every day, and you do not realize it. There is an economic war going on.

Mr. SKEY: Speak for yourself.

Mr. GILLIS: Russia has been kidding you that she is going to shoot you some day. In the meantime you are putting the clothes over your head in bed at night and are afraid that the bogey man will get you.

Mr. FULTON: Is that the way Czechoslovakia was kidded?

Mr. GILLIS: Certainly it is.

An hon. MEMBER: Is that what the Minister of Defence thinks?

Mr. GILLIS: I am not worrying about what the Minister of Defence thinks. He has no more responsibility for this than you have. Little country after little country has been absorbed while you sat down and urged the Minister of Defence to build more and bigger planes, bigger tanks and bigger something else.

Mr. SKEY: Nonsense.

Mr. GILLIS: While the other fellow came along and took you over; that is all.

Mr. FULTON: Certainly if you were here he would.

Mr. GILLIS: There is going to be no shooting war. You do not need to worry about that. There is an economic war on now. The faster you fellows get that through your heads, the better it will be for Canada and for the world.

Mr. FULTON: Certainly if we go on as the hon. member suggests we would have a shooting war.

The DEPUTY CHAIRMAN: Order.

Mr. SINCLAIR: Filibuster.

The DEPUTY CHAIRMAN: I ask hon. members not to interrupt the hon. member who has the floor.

Mr. GILLIS: If you would only get down to realities and talk common sense.

Mr. LAPOINTE: Hear, hear.

Mr. GILLIS: Some hon. members never seem to learn much in this house. I think the minister is being realistic. He has brought forward a pretty reasonable program of defence for Canada. He is not preparing for war. He has not told anyone in the house so far that he is afraid of an attack from Russia or from the United States. If we are to learn something about national defence I think the only sensible proposal that has been put forward in the house was put forward by the hon. member for Vancouver South. Let us appoint the hon. member for Kamloops, the hon. member for Trinity and the hon. member for Vancouver-Burrard, who is so much interested in national defence and in arming against the aggression from an imaginary enemy that does not exist, on a board with officials of national defence, and let them have a look at things as they really are, things that cannot be brought up in this house. I am reasonably sure that if that were done it would convince them that the thing that has to be done in the future to prevent war—

Mr. SKEY: Czechoslovakia was not taken over?

Mr. GILLIS: She was taken over because of stupid people—

Mr. FULTON: Like yourself.

Mr. GILLIS: —who hung on to something that did not exist in life. They created a form of thinking along the lines of that which hon. members are thinking tonight, and the other fellow walked in, in the meantime, and took things over while you were asleep.

Mr. SKEY: My friend, you are asleep.

Mr. FERGUSON: Took it over with machine guns.

Mr. GILLIS: No, there was no shooting. He just took it over from the Tories who were asleep. They went sound asleep with the clothes over their heads worrying about an attack from an imaginary enemy, and in the meantime the enemy walked in and took them over.

Mr. FULTON: Just as you are doing in this country.

Mr. GILLIS: We are not doing so badly on this matter of defence.

Mr. FULTON: Just the way you are doing in this country.

Mr. GILLIS: I think we are being fairly sensible about it. I think the government of Canada and the sensible people of the North American continent realize that the thing that will offset war in the future is living up to the charter of the united nations, feeding hungry people, raising their standards, eliminating insecurities and fears that drag half the world down into the ashpit. That is what will avoid war in the future; not building up armies and preaching wars against a people who a short time ago were very respectable in this house as our allies.

There is one thing of a practical nature I should like to say to the minister. He mentioned tonight that in the field of jet aircraft he was carrying on an extensive development at the A. V. Roe company in Toronto. I know this does not come within his jurisdiction, but I point out to him that on Sunday—this is Thursday—a strike vote is to be taken in that plant. The government has considerable jurisdiction over that plant. There is apt to be an interruption on that aeroplane in which the minister is so much interested. I am suggesting that he get in touch with the Minister of Labour and try to offset any labour difficulties there, so that we may get the necessary planes to offset the inevitable war that my hon. friends to the right are talking so much about.

Mr. FULTON: The subject which was before the committee, as I understood, was the defence of Canada, but the hon. member who has last spoken has sought to supplant it with another issue altogether. With him I would be glad to enter into controversy at any moment, because his ideas are so erroneous that they really should be answered. He has spoken about the economic war, which of course has no relation to the question of national defence. He has spoken about people being asleep in this country. Perhaps we were asleep in this country until what went on in Czechoslovakia and other countries woke us up. If we were not wakened up, as perhaps we were not by what took place from 1935 to 1939, and between 1939 and 1945, I hope we have been wakened up by what took place in 1948 in Czechoslovakia, where, under the guise of so-called economic war, which was fostered by those who wanted Russia to take over their country, we saw Russia step in and take that country without a shot being fired, as the hon. member says. However, that situation does not prevail in Canada. There is opportunity for all in Canada, and the only people who are concerned to go around and say a situation exists in Canada which justifies Russia or anyone else taking us over are my hon. friends to the left.

An hon. MEMBER: That is not true.

Mr. FULTON: I know it is true.

Mr. GILLIS: Stick to national defence.

Mr. FULTON: The hon. member for Cape Breton South says, "Stick to national defence". I was sticking to national defence until he introduced this extraneous issue. I wish, as does the hon. member for Nanaimo, and every other member of this house, to see the Minister of National Defence released for the moment from his responsibility; and, had it not been for what the hon. member for Cape Breton South said, which was so erroneous that it required some answer, I would not have spoken at the moment. But the fact is that those who were asleep from 1935 to 1939 and those who, like my hon. friends, have been asleep from 1939 to 1948, are asleep no longer. We know the issues. We know that this economic war they talk about is just phony as far as Canada is concerned, and we are not going to allow ourselves to become the prey to any phony economic war or any actual war of aggression with armed forces. That is why we have been discussing the defence of Canada, and that is why we have been criticizing the policy of the Minister of National Defence.

With respect to the minister, I have this to say. Imperfect as I think his policy is, it is so much nearer perfection, so much more realistic and so much more attuned to the best interests of Canada than the sort of nonsense talked by my hon. friends to the left tonight that I will say no more about it at the moment, but reserve my right to discuss it at a later day.

Item agreed to.

DEPARTMENT OF MINES AND RESOURCES

Special—
Indian affairs branch—

224. Fur conservation, and development of native crafts, and to authorize, subject to the approval of the governor in council, the appointment of such extra temporary officers, clerks and employees as may be necessary for the purpose of this item, $286,000.

Mr. CHARLTON: In view of the remarks made by the hon. member for Yorkton this morning, and in view of the remarks made by the minister regarding the report of the committee on Indian affairs, I consider it essential that I should say something about that question at this time, since I was a member of the committee from the time of its inception in 1946.

Since 1867 there have been only two parliamentary inquiries into Indian affairs. One took place in 1920 and another in 1926; and, since that time, until 1946, a period of twenty years, no attempt has been made to rectify the injustices that exist in the present act.

I am not blaming the officials of the department, because I believe that most of them are sincere and conscientious in their efforts under the existing legislation. They do the best they can, as evidenced by the co-operation given to us during the sittings of the committee that considered the Indian Act. In that committee, after listening to all the delegations and studying the briefs presented, we tried to recommend amendments to the act which we felt would be accepted by the majority of the Indians of Canada.

I tried to be fair this morning. I did not wish to make any remarks under the estimates of this branch; I wanted to defer them until concurrence in the report was moved. I gave the minister a chance to assure us that concurrence in the report of the Indian affairs committee would be moved, but that was not forthcoming, and I can only say that it is now obvious that concurrence will not be moved.

It is incredible that after three sessions, with this committee sitting and this house considering Indian affairs, this report is not to be concurred in before the end of the session. It simply means that the work of the committee has been a failure, if this parliament will not adopt that report before the end of the session. The work of the committee has been useless.

Representing the largest and, I might add, the most advanced Indian reserve in Canada, I say on their behalf that I disagree with the general idea advanced in most of the sittings of the committee that there should be complete assimilation of the Indian population. I most heartily disagree with that. The Indians of the Six Nations tribe are a very proud people. They do not wish to be completely assimilated, thereby losing their identity as Indians. The Indians of the Six Nations reserve have proven their ability to govern themselves. They have set an example that could well be followed today throughout the world, in the fact that six tribes which were at war at one time were able to settle their differences and are now, as they have been for many years, living in complete harmony with one another.

It would seem almost futile to discuss this report at the present moment, because if a motion for concurrence is not forthcoming, then the whole thing will be thrown out.

As I said before, it seems to me a most ridiculous situation, after this committee has sat for three sessions and has done the amount of work it has done, that this report should not be brought forth and concurred in.

I wish to say just a few words with regard to a couple of the recommendations in this report. The first is No. 8 and is headed "Social and economic status of Indians and their advancement." I will just read it:

> Your committee recommends that the government consider the advisability of granting a pension to aged, blind, or infirm Indians. This is in addition to recommendations previously made with regard to the social and economic advancement of Indians.

I was greatly disappointed to note that the committee thought they had to recommend that the government consider the advisability of this sort of thing. It should have passed that stage many years ago. It should recommend that these aged Indians be considered the same as any other people in this country and be given the old age pension.

The committee recommended that the Indians should have the vote on the status of urban dwellers. That recommendation, however, did not find its way to the House of Commons, through the neglect or failure of someone to see that it did. Some days ago in the house an amendment was moved to the Dominion Elections Act, and it was voted down. Why should these people not be given the vote, especially those on the Six Nations reserve at Brantford who, as I have said, are more advanced than most across the country? Why should these people not be allowed to vote? The only tax they do not pay is the land tax on their reserve. They pay the other taxes, such as sales, excise, and gasoline taxes, and income tax on money earned off the reserve. Therefore I think it is time these people were given representation.

Since coming here and acting as a member of the Indian Act committee, I have always taken the stand that Indians of ability should be given positions in the branch, and I still stick to that stand. I am glad to see the recommendation made that the assistant deputy, or commissioner, should be a Canadian of Indian descent.

In conclusion, I urge the government to see that the motion for concurrence in this report is made before the end of the session; because, if that is not done, the committee might just as well not have met these past three sessions.

Item agreed to.

Immigration branch—

228. For expenditures in connection with looking after Canadian interests abroad, $100,000.

Mr. ROSS (St. Paul's): I do not know whether I am in order, but I want to urge on the minister that he do something to increase his staff overseas, so that the technicalities in connection with immigrants may be overcome more quickly. I know the staffs over there are short-handed. We want all the good immigrants we can get in this country. If we do not make it a little bit easier and make it possible to get over the technicalities more quickly, we shall lose out in this matter. I urge the minister to do something along the line I have suggested.

Mr. HAZEN: I have in my hand an editorial from the *Telegraph-Journal* of Saint John, dated June 16, 1948. I do not propose to read it all; in fact, I do not know whether I would be in order if I did so. But I should

like to draw it to the attention of the minister. It is headed "Intelligence not wanted", and it goes on to say:

Ten Baltic and Polish young women who have just disembarked in Canada, after a trip from displaced persons' camps in Germany, make the bitter complaint that this country seems to put a premium on stupidity. To get here, they claim, they had to hide the fact that one girl studied commerce for two years in Riga, another was a student nurse in a hospital, another a clerk, another a pharmacy worker. They were quietly advised by their friends to appear "good and dumb"—and so they were allowed to come to Canada. Meanwhile, Australia is gladly taking girls with brains as well as brawn.

The editorial goes on and points out:

. . . those who are doing the selecting in Europe have been trying to pick out girls who will not use maid's work as merely a subterfuge to get into Canada and then try immediately to quit their jobs and seek "white collar" work.

That may be the object the immigration authorities have in view in selecting these girls. Then the editorial goes on to say:

But it would be interesting, just the same, to know what work Australia is able to offer to intelligent and educated D.P. girls that Canada, too, can't offer.

Does the minister care to make any comment on that editorial or to throw some light on what happened? If that is correct, why is it that girls with some education and some intelligence are not allowed in the country, or apparently they have to play dumb to get in here?

Hon. J. A. MacKINNON (Minister of Mines and Resources): I am quite sure the hon. member for St. John-Albert is not taking that editorial or that newspaper story at its face value. We in Canada have ten girls for every one that has gone to Australia, I am informed. They are girls of intelligence. They are girls who are, for the time being, at least, doing domestic work in Canada and working in institutions. We are encouraging people of intelligence; that is the type of people we want here in Canada. The reporter in this particular case—and I have read the editorial, I believe it is, or the newspaper article—must have got hold of the odd crank there always is in any movement of immigration.

Mr. HAZEN: Is any intelligence test required before these girls are admitted?

Mr. MacKINNON: There is a general screening, I may say; and some of our rejections are on the basis of lack of intelligence.

Mr. MacINNIS: Can the minister give an answer to the question if it is put in this way? In selecting girls for admission to Canada, if a girl said that her occupation was secretarial work, typist, schoolteacher, or something of that kind, would she have the same chance of getting in as a girl who said her work was domestic service?

Mr. MacKINNON: She would have a better chance to come to Canada if she could convince us that she intended to work as a domestic or in an institution, temporarily.

Mr. MacINNIS: Then that would mean that the girl who would not work as a domestic would have a poorer chance of getting into Canada?

Mr. MacKINNON: I think that is quite right.

Mr. MacINNIS: Then I imagine the point made by the editorial is correct, that in selecting persons to come to Canada we do not want educated women who will not work in domestic service. We want girls who are not so well educated, who cannot fill jobs which require a certain amount of education or training.

Mr. MacKINNON: That is not quite fair or quite correct.

Mr. MacINNIS: Then will the minister please explain it?

Mr. MacKINNON: We are desirous of getting intelligent girls to come to Canada in this immigration movement, but girls who for a term are willing to do domestic work or work in institutions. There are plenty of intelligent prospective immigrants to select from, and that is the kind we get.

Mr. MacINNIS: We should not confuse the words "intelligence" and "education". A person with no education at all may be very intelligent, but she is limited in the services she can render. She cannot offer the same service as a person with more formal education or more specialized education. A stenographer, a schoolteacher, or a girl trained in secretarial work can do housekeeping, but a girl who has not been trained cannot do those jobs. According to the minister's answer, as I see it, the girl who has had training in office work has a poorer chance of obtaining entry into Canada than a girl who has not.

Mr. HLYNKA: I realize that the minister has just taken over this department and that it may be difficult for him to reply to certain questions in detail. However, should he be in a position, with the assistance of his officials, to answer certain questions which I should like to ask, I would be grateful to him. Has the minister figures showing the percentage of the proposed immigrants from among the displaced persons who have been rejected on medical grounds.

The second question is, what are the health requirements or health standards of the department as applied to displaced persons and refugees? To put it in another way, what are the required minimum health standards which must be possessed by displaced persons and refugees before they are admitted to Canada?

In this connection I would point out to the minister that the officials of the preparatory commission of IRO are of opinion that the health requirements of most countries are excessively high. Having in mind the conditions under which these people have lived for the past nine years, I consider it unreasonable of us to expect them to be in perfect health. In cases I find the department usually refuses to admit displaced persons for health reasons. Then, when these persons refer the matter to me they explain that if one member of the family is just below the standard required the entire family is refused entry. At its sittings in Geneva last January, the preparatory commission of IRO felt that something should be done about this matter of the excessively high health standards required by a number of countries. In one part of the report I find this statement:

> It is the opinion of the executive secretary, that if the family unit can become self-supporting in a new country, the presence of one sick member of the family should not debar the whole family.

Then it goes on:

> It is undoubtedly true that at present selection missions are removing the best of the refugees from the point of view of physical fitness, and are in themselves creating a hard core of the unfit. It is the view of the executive secretary that the standards imposed are excessively high.

I could quote many passages from this lengthy report, but I think it will suffice if I refer to only one other, which says that if the calorie intake of any section of the population falls below this emergency subsistence level for any length of time, serious consequences must be expected.

The daily calorie intake that should be provided for displaced persons is set at 1,900. According to the report, I find that in the French zone of Austria, for instance, at times the people receive less than 1,000 calories a day, while the amount required by a normal person is about three thousand. So the minister will realize that at this time it is not fair for us to demand that displaced persons come up to the health standards we set prior to the second great war.

There are so many arguments in favour of setting lowered health requirements for displaced persons that I do not think I should mention many more, but I believe the humanitarian aspect should enter into this problem. The Canadian immigration teams and the department have been taking the attitude that they are dealing with persons as so much physical labour or so many numbers. We are not treating them as human beings; and I feel that at this time we certainly ought to take the human element into consideration.

I have before me a number of letters which I selected at random from the group of more than a thousand I now have running currently. An elderly lady finds herself in a displaced persons camp in Munich, Germany, which is in the United States zone. She is sixty-five years of age. She has been refused admittance to Canada; yet this old lady has not a single relative anywhere in Europe. She has two sons in Windsor, Canada, and a daughter in St. Catharines. Her two sons and her daughter are willing to put up any guarantee that the department may wish to set. Yet, just because this woman is sixty-five years old and not in the best of health, she is denied the privilege of coming to Canada. She has no contagious disease of any kind, and I for one cannot see why the department could not admit this woman to Canada, so long as her sons and her daughter are prepared to take care of her.

Surely that would be a proper thing to do. Yet we treat these people as if they were not human beings. I have here another case; and I received three letters in one day from this person. He states that, because the medical examiners have found that his son's child was not in the best of health, it has been ruled that this family cannot come to Canada until and unless the child is completely cured.

Let me say to the minister that if he had an opportunity to see the conditions under which these people live he would know that the majority of them have to live in a space of about thirty-six square feet per individual. No child can become healthy under conditions of that kind. There is no hope that the child can recover, or that any other person could recover, unless they are given better quarters to live in and better food to eat.

Then I have the case of a young man on whose behalf someone has applied for entry into Canada. But, no, he was too light. His weight was not what the Canadian health officials thought it should be, with the result that he was rejected. The same man was accepted by the United States army, and is today in the armed services of the United States. If he is heavy enough for the United States army, surely we should not have refused him admission to Canada.

And so on, down the line. I have with me a chart which has been drawn up by the preparatory commission of the international relief organization. When the medical examiners of that organization take down their records certain health standards are indicated. This chart sets forth an exacting health standard, a high standard indeed. However, even though the international relief organization approves the health standard of certain proposed immigrants, Canadian doctors refuse it. Surely, if a person is healthy enough to satisfy the doctors of IRO he should be healthy enough to satisfy our Canadian doctors; unless, of course, we want to rule out completely the humanitarian consideration, and various other considerations which enter into this matter. If we are not interested in the future of these people, and if we do not want them to be interested in the future of Canada, then that is the way to proceed. But if we want them to build up their homes in Canada; if we want them to spend their future years here; if we want them to be citizens of this country, then, even if there are one or two members in a family who may be a little weaker than the others, we should allow the weaker ones to come with the stronger ones.

The minister knows very well, coming from the same province as I do, the progress the pioneers of these various stocks have made in western Canada, and the contribution they have made to the development of our country. Surely we should have no doubt that they will be able to look after themselves, once they get here. All we have to do is to look at the relief records between 1930 and 1939. I can say with pride that we shall not find many names on those records of people of European origin. They got along as best they could, and perhaps on a little less than other people would require.

I say, therefore, that we should not require so much from them. When I take my seat I should like to have the minister comment on what I have said. I have been receiving letters every day from all parts of Europe and Canada. People are panicky because of the attitude of the Canadian medical men who examine these people, and who set up such rigid standards. It is unreasonable—and I say that frankly.

Would the minister explain to the committee the situation with respect to what is known as form 55. I have before me many letters, and I have others in my files, all of which state that sons, brothers or other relatives have remained in Europe for a long time, having failed to receive approval from the immigration authorities because form 55 has been lost. What does this mean? It was explained to me by one of the Canadians who worked for the preparatory commission of IRO that a Canadian immigration official will call at a certain camp with the purpose of questioning a certain number of persons. The doctor will have a certain number of persons to examine medically. He may bring with him 100 files so as to examine 100 persons in that camp. However, the doctor becomes tired and decides to move on to another camp perhaps fifty or one hundred miles away. Having examined only fifty, he will not examine the other fifty, but will just leave them and take the documents along with him, moving off to the far end of Germany.

Another examiner will come to the same camp a few days later. Then, when these people ask him if they should appear for examination and questioning they receive the obvious answer, "We are sorry; we cannot deal with you because your form has been lost". Surely some system should be organized to see that only so many forms are taken by officials at a time, and that all are dealt with. Then these persons could be advised that they have to appear at a certain camp, and they would know where they stand. But this procedure of dragging the matter along month after month is not fair.

I have the case of a man here whose brother-in-law is at Bonnyville, Alberta. He states that his application was approved nearly two years ago. He has been waiting for the last six months in a transit camp, and he states that his form 55 is missing. Therefore he has to wait.

I do not like bringing up these matters. I would rather wish to be able to rise in my place and thank the government and the department for doing their best in dealing with this tragic problem—because it is a tragic problem. I appeal to the minister and to the officials of his department to do something, and to see that these things are organized on a somewhat better basis than they have been prior to now.

I know, for instance, that the Canadian immigration branch has an office in Heidelberg, Germany, in the United States zone. That is the Canadian immigration headquarters in the United States zone of Germany. These poor Canadian officials—I call them poor because they are asked to do an almost impossible task—have to take their typewriters and a large number of files along with them and drive in a car from camp to camp to examine prospective immigrants. They have no office; they simply call at a camp and are given a room where they can sit down and examine the people. They spend a little time in a camp and do not know where they are to

sleep or where they are to eat. The situation is not at all what it should be. If we are really serious about this thing, we should establish smaller stations where our officials can examine the people, so that they will not be forced to wait for months and months in a transit camp until some official comes along and examines them. The situation is bad; I am sorry I must say that, but I feel that these unfortunate people deserve more consideration than they have been getting.

I have another question. Has the department medical examiners attached to Canadian embassies in Poland, Roumania, Hungary, Czechoslovakia and the U.S.S.R.? If not, where should prospective immigrants residing in these countries go for their medical examination? They should be instructed exactly where to go. As it is now, they write all over creation trying to find out to whom they should apply for exit visas and permits to come to Canada or to whatever other country they wish to go. Again, what procedure should be followed by these prospective immigrants residing in the countries I have named if settlement arrangements in Canada are found satisfactory? That procedure should be fully explained and the instructions set out clearly in the regulations, or perhaps a bulletin could be issued to the press.

I have another question which the minister is not obliged to answer. It has to do with the assistance which IRO is supposed to give to cover the transportation costs of an immigrant from a displaced persons camp. In the speech I made in this house on May 29 I quoted a paragraph from the minutes of the preparatory commission of IRO, in which it was clearly stated that, as from the middle of January—I think that was the date—even individual immigrants might apply for assistance to cover their transportation costs. That information has not been made public. I know a man in Winnipeg who is working on the railroad as an ordinary labourer and who has paid the fares of nine members of his family whom he is bringing over from Europe. Nobody had told him that part of the transportation costs may be covered and should be covered by IRO, according to the decision of the preparatory commission of IRO, by the money voted by IRO for that purpose. Surely that information should be made public. A shrewd person who knows about this assistance will take advantage of it, but those who know nothing about it pay the transportation costs themselves.

Again, any firm which brings out a group of workers is reimbursed by IRO for the transportation costs. Most industrialists know about that. As a matter of fact, I suppose that IRO itself gets in touch with the industrialists and tells them: You paid out so much for transportation costs, and here is a cheque to cover it. But the ordinary individual does not know about this assistance, and so, I say, more light should be thrown on the various procedures that should be followed by the ordinary people, so that they will be told what they ought to know.

I cannot for the life of me understand why we treat this matter so lightly. To bring out an immigrant from a displaced persons camp to Canada is like pulling a tooth; it is so difficult. Certain cases which I referred to the department nearly three years ago are still pending. I have written and written to the department about them, and finally I get almost a stereotyped reply that the matter is now out of the department's hands and that I should apply to IRO. Then I write to IRO in Switzerland, and I get an answer from them that, so far as they are concerned, they have approved the application, and that it is out of their hands. Then I write to the Canadian immigration office in Europe and they tell me that they have approved it. The net result of all this is that the prospective immigrant is kept waiting for months and months before final action is taken.

The most unfortunate group of all in these displaced persons camps is the one composed of middle-aged and older people, fifty years of age and over. For those over sixty years of age there is absolutely no hope. After six years of war and three years in a displaced persons camp, living on the rations they have had to live on, their chances are very slim indeed unless some country will take up their case from a humanitariain standpoint. I appeal especially on behalf of these older people. If there is a relative in Canada who is willing to guarantee that his mother or father or uncle or some other relative in a displaced persons camp will not become a public charge in Canada, Canada should accept that guarantee and let the immigrant come forward.

Mr. SKEY: Just before the minister answers the able remarks just made by the member for Vegreville, I should like to put in a word in support of what he said regarding form 55. These forms are filled out here; once they are approved, they go overseas, and then the merry-go-round begins. Form 55 is lost, or it is never where it is wanted. It is a terrible disappointment to Canadians in this country who want to bring members of their families to Canada to find that when they can provide for them, when they are acceptable under our laws, they still have months and months to wait, while they chase form 55 halfway around

Europe and finally track it down. Once they are approved and examined there, they have to wait for many more hard months. I know of the shipping difficulties that the government have, and I have some sympathy with them on that score; but it seems to me that this administrative set-up could be a little more expeditiously handled.

I should like to endorse the remarks made by the hon. member for Vegreville in that respect particularly, and a lot of other things that he said tonight to the minister.

Mr. MacKINNON: I have listened attentively to the most distressing picture painted by the hon. member for Vegreville, and supported by the hon. member for Trinity. It is quite possible that, because the minister and the officials are sympathetic, we appreciate the distressing nature of the situation.

The department officials, and particularly Mr. Jolliffe who is in front of me, can tell a much sadder story than the one which has been recounted by the hon. member for Vegreville, because Mr. Jolliffe is a man of a large heart, patient, sympathetic, capable and, I think, is doing a wonderful job as head of the immigration branch. I can assure hon. members that the department's approach to this problem is one of sincere sympathy.

In dealing with the various points mentioned by the hon. member for Vegreville, I shall be as brief as I can and still give what information I can. A question was asked as to the proportion of immigrants or displaced persons who have been rejected for medical reasons. It may be possible to get those figures, but I am sorry we have not them at the present time. If we can get them I shall be glad to give them to the hon. member or to any other hon. member interested.

I was asked as to the minimum health standards set up by the department. There are two tests, the tuberculosis test and the venereal disease test; otherwise people are expected to be in good mental and physical health.

Mr. FRASER: They are X-rayed.

Mr. MacKINNON: Yes, they are all X-rayed. The comment has been made that the standards are excessively high. I question that statement, but I believe that the standards should be kept high. Certain allowances are made, when we get our medical reports that the state of an immigrant's health is directly attributable to the life he or she has lived since becoming a displaced person, so long as there are not serious health difficulties such as tuberculosis or communicable diseases.

We do not break up families. If one member is much below the standard or is sufficiently below the standard that he or she cannot be accepted we do not accept the other members of the family. That is the policy of the department. Whether it is right or wrong it is the policy arrived at after a great deal of earnest thought.

I may say that our doctors examine the applicants for admission to Canada and our immigration authorities take the advice of these doctors. Canada has done more for displaced persons than all other non-European countries put together. We have already admitted approximately 25,000 displaced persons.

Mr. HLYNKA: How many of these came in group movements, and how many as individuals?

Mr. MacKINNON: Nineteen thousand came in group movements, and about 7,000 as close relatives.

The matter of what is to be done with displaced persons who are substandard in health will have to be settled in some kind of international agreement.

In connection with form 55, the application forms are all sent to the teams in Germany by air mail as soon as the application is approved. In addition, the approved names are sent to the international relief organization by air mail. The IRO is responsible for bringing the immigrants to the immigration teams.

Mr. SKEY: Have we a representative on the IRO?

Mr. MacKINNON: A number of Canadians. The question was asked as to what procedure was taken on applications in Poland, Czechoslovakia, Yugoslavia and the U.S.S.R. These go to the Canadian missions where they are examined by a doctor approved by the Canadian authorities. We have no missions in Hungary or Roumania.

Comment was made on the cost of bringing these displaced persons to Canada, and reference was made to the fact that their relatives are being asked to pay for them where they are able to do so. The international relief organization has a limited budget and has to stretch it as far as possible. Canada has contributed $3,000,000 up to February of this year. That is more than anyone else has contributed except the United States of America and the United Kingdom.

Mr. CASTLEDEN: Are any companies reimbursed for the cost of bringing them out, and are any private individuals reimbursed? The hon. member for Vegreville brought up that point.

Mr. HLYNKA: That, of course is the responsibility of IRO, not of the immigration branch. I brought it out for the purpose of clarifying the issue, so that this information would be published by the IRO or perhaps by the immigration branch, in order that the people would know who is responsible for the cost. Of course IRO is responsible.

Mr. MacKINNON: I have answered briefly, Mr. Chairman, but I have covered the principal points raised by the hon. member for Vegreville. I want to assure the committee that this whole problem is approached with the greatest sympathy. It is an overwhelming problem. I cannot understand how some of the officials in the immigration branch have stood up under the pressure to which they are being subjected. They are doing their utmost, as I say, with a difficult problem, and they deserve a great deal of credit.

Mr. MacINNIS: I listened with great attention, as I am sure the committee did, to the hon. member for Vegreville. He made some points that are worthy of careful consideration by the immigration branch. One of the points that impressed me was the turning down of a whole family because one person in the family was not able to make the grade, to put it that way, from a physical standpoint. We should look at the question somewhat differently from that of ordinary immigration. These are refugees. A refugee, if I understand the term, is a person seeking sanctuary, and when you give sanctuary to that person you are not doing so in order to benefit yourself. When we allow immigrants to come in; when we urge them to come to this country, we do so ordinarily because we want them, because it is good for us and not necessarily because it is good for them. It is purely a business proposition.

Mr. MacKINNON: It is not altogether selfish.

Mr. MacINNIS: There is no harm in being selfish as long as a person is intelligently selfish. The fact of the matter is that we are doing it because we want these people here. But when we are doing something for refugees we are doing it for their benefit and not for ours, and it is hypocritical of us to take credit for the fact that we allow healthy persons from the refugee camps to come in, in order to make good producers in Canada. After every country has taken the cream—I do not know how many were there in the first place, a million and a half or so—who will take the rest? Who will take the cripples, the maimed, the ill, who cannot be productive in any country? If we are to do this in a Christian charitable way, we should be prepared to take our share of the sick and the afflicted, as well as those who can become good producers.

Mr. HAZEN: Is there any screening in the case of a parent who comes to Canada from the United Kingdom if a son living here undertakes that the parent will not become a public charge? Does the parent coming into the country have to be screened? Is he allowed to come in if the son undertakes that he will not be a public charge?

Mr. MacKINNON: The only screening is to safeguard health. It is purely a matter of health.

Mr. HAZEN: Is there any screening of the son who lives in this country, or is his financial condition gone into to find out whether he is in a position to take care of the parent to see that that parent does not become a public charge?

Mr. MacKINNON: I am informed that in such cases exceptions have been made.

Mr. HAZEN: I do not wish to go into particular cases, but I wish to bring to the attention of the minister or of the head of the immigration branch a case which I shall ask him to look into, because it is one in which, in my opinion, there was not proper screening, and in which the financial position of the son, who must have undertaken to look after this parent, was not carefully investigated. I refer to people who formerly lived in this country, who had to be looked after while they were here, and who went back to the old country. Now they are in this country again and are a cause of some worry to charitable people in the neighbourhood.

Mr. McCUAIG: Is it a fact that no record is kept of people emigrating from Canada and going to other lands? Is no record kept by the government?

Mr. MacKINNON: I am informed that we do not keep any record of people going out from Canada.

Mr. MACDONNELL (Muskoka-Ontario): I wish to say one word by way of agreement with the the remark made by the hon. member for Vancouver East. I understand that the United States has undertaken to receive a substantial number of displaced persons, and I wish to know whether we have considered our duty in the matter, because if we leave the whole of the task to those who are less able than ourselves it will never be done.

Mr. McCUAIG: With reference to the question I asked, I was informed that the dominion bureau of statistics gave information to the

senate that over 6,000,000 people had left Canada since confederation. Where did they get the record?

Mr. MacKINNON: I am informed, from the United States figures.

Item agreed to.

Immigration branch—

229. Repatriation of wives and dependents of members of the Canadian armed forces overseas, $117,000.

Mr. CASTLEDEN: With your indulgence, Mr. Chairman, and that of the minister, may I ask a question with reference to item 225. It has to do with aerial photography. How much of that $1,240,000 was spent for commercial companies, how much for the Royal Canadian Air Force, and how much represents inter-departmental committee expenses? With the indulgence of the minister, I should like to get an answer. I beg your pardon for reverting to the item.

Mr. MacKINNON: Is that for last year's work?

Mr. CASTLEDEN: It is the same item as last year's.

The DEPUTY CHAIRMAN: Order. I think we should dispose of the item that has been called, and if the hon. member wishes to revert to an item already passed that can be done when the present item is carried.

Item agreed to.

Mr. MacKINNON: Mr. Chairman, I understand that the hon. member for Queens wanted to say something on item 224 and I would ask that we revert to that item.

The DEPUTY CHAIRMAN: Item 224, Indian affairs branch.

Mr. McLURE: With your consent, Mr. Chairman, I can go ahead. Under this item I wish to discuss fur conservation for a moment or two. I have before me the answer to that now. I want to know how much of this vote was spent on fur conservation. I am informed that the bulk of it is spent on fur conservation, but I had a request that I find out what benefit this is to the Indians. A letter was written to me a short time ago to which I tried to give a fair answer, and with the information I can get here this evening it will be a good record. One fur conservation project which the department has had under its care is known as Summerberry. It was intended to conserve muskrats and it has turned out to be of great profit to the department. When I say "great profit" I mean that it is paying its own way. I wish to put on record the fact that this year, from the Summerberry rehabilitation of muskrats project, 103,000 skins were sold which realized $294,580. If the department can continue this work of fur conservation it will do a great deal to benefit the Indians.

Another question which I would ask the minister to answer is this. Of what benefit is this to the Indians, and how many Indians are employed in the trapping of these muskrats? I understand from one of the officials that one-third of the trappers each year are Indians and that they earn enough money each year to equal a monthly income throughout the whole year. The reason I asked to have this put on the record is that I want to send it to those who have been making the inquiry; and I know it is a good thing to send out, because the department has made a wonderful success of its fur conservation proposition in Summerberry near The Pas in Manitoba and also in any conservation areas it has under its control.

Mr. MacKINNON: The hon. member has asked what benefit this project is to the Indian. We require that one-third of the trapping licences will be reserved for Indians.

Mr. CASTLEDEN: The question I wish to ask the minister has to do with item 225, $1,240,000. The item is for three different things: to defray the expenses of the inter-departmental committee on air surveys, payments to commercial companies and payments to the Royal Canadian Air Force for air photography. I should like to know how much is spent on each part; whether or not this commercial work has been let by tender to commercial companies; and whether these photographs, when they are finished, are available to commercial companies, we will say, for surveying timber limits.

Mr. MacKINNON: I have not the exact figures before me, because the contracts have not all been let for this year. But the proportion will be about three to one; that is, three in favour of the R.C.A.F. to one in favour of the commercial companies. The work done by commercial companies is all let by tender. What was the other question?

Mr. CASTLEDEN: The amount to defray expenses of the inter-departmental committee on air surveys.

Mr. MacKINNON: I am told that is a small item, practically nothing.

The CHAIRMAN: Carried.

Mr. GILLIS: May I ask a question on item 229?

Mr. MacKINNON: Make it short, please.

Mr. GILLIS: It is short. The item has to do with the repatriation of wives and depen-

dents of members of the Canadian armed forces overseas. There is an increase in that vote of $95,000 this year over last year. Why should that be? I thought this matter of repatriation was nearly wound up?

Mr. MacKINNON: The explanation of this increase is that it is owing to the transfer of the administration and cost of the movement from the Department of National Defence to the immigration branch.

Lands and development services branch—
National parks services—

766. National parks and historic sites services —further amount required, $524,850.

Mr. CASTLEDEN: Will the minister give us a breakdown of that half million dollars in the supplementary estimates?

Mr. MacKINNON: May I give this explanation. That item is to provide for increased wage rates for employees paid on an hourly basis. There is also the sum of $70,000 for maintenance of highways in the following parks: Banff national park, $35,000; Kootenay national park, $20,000; Yoho national park, $15,000. These additional amounts are required for maintenance and replacing culverts on highways within these parks as the result of flood conditions in these regions.

Item agreed to.

Indian affairs branch—

770. Indian agencies—further amount required, $231,128.

Mr. CASTLEDEN: The amount in the original estimates for Indian agencies was an increase of some $545,000 over the previous year, and this is for an additional $231,000. In the details of service at page 175 of the estimates, a decrease is shown in the number of Indian agents, superintendents, inspectors, et cetera. Today the minister said that the Indian affairs branch was following closely the recommendations of the committee on Indian affairs. The committee was somewhat disturbed about the fact that we did not have enough Indian agents. Here the department is asking for an additional sum of almost three-quarters of a million dollars, while there is a decrease in the number of Indian agents. Can the minister give us information as to what the increase is for, and whether or not it is the intention of the department to increase considerably, if not to double, the number of agents so that they can give us a little bit more supervision work among the Indians of Canada?

Mr. MacKINNON: The principal items included in this increase are: supplies and materials, $10,000; telephones, telegrams and postage, $7,000; printing, stationery and office equipment, $10,000; and then the large item, construction of buildings, works and structures, $137,500.

Item agreed to.

DEPARTMENT OF LABOUR

137. Expenditures for vocational training under the Vocational Training Co-ordination Act, 1942, and agreements between the dominion and provinces approved by the governor in council, including projects for training of persons to fit them for gainful employment, youth training, apprenticeship training, vocational training at the secondary school level, foremanship and supervisory training, as well as to provide for undischarged commitments of previous years (including certain items formerly under demobilization and reconversion), $3,377,500.

Mr. MACDONNELL (Muskoka-Ontario): I wish to ask for more information about that. May we be told something about it? There is a large increase, and I should like to know just what the point is.

Hon. HUMPHREY MITCHELL (Minister of Labour): If my hon. friend will wait for a couple of minutes, I will give him a breakdown of the increase—

The DEPUTY CHAIRMAN: Shall the item stand?

Mr. MITCHELL: —if the hon. member does not mind coming back to that.

Mr. MACDONNELL (Muskoka-Ontario): No.

Item stands.

Unemployment Insurance Act, 1940—

138. Administration, including expenditures incurred in connection with the activities of the national employment service as delegated by the Minister of Labour in accordance with section 88 of the act, $18,465,000.

Mr. MACDONNELL (Muskoka-Ontario): I realize that the administration has gone down in cost, but I want to get an idea about this. For example, I notice on page 144 of the estimates a considerable number of new posts set out. Might we have an explanation of the reason for these additions?

Mr. MITCHELL: The reason is the tremendous expansion in the coverage of the Unemployment Insurance Act. It is almost a paradox, but it costs the government more when we have full employment than when employment is below normal. By the very nature of things the organization is increased, together with the contribution by the government to the unemployment insurance fund. At present more people are employed.

Mr. MACDONNELL (Muskoka-Ontario): As the minister says, it does seem a bit of a paradox. One would have thought that in a time of full employment, when you are merely on the receiving end, there would not be nearly as much to do as when you are faced with the problem of unemployment. Is the answer that when you have unemployment all the fund does is automatically to make certain payments to those who are out of employment, or is any other duty carried on by the fund?

Mr. MITCHELL: One must not forget the tremendous numbers who pass through the employment offices. We spoke of the displaced persons this evening. The placement of those people is undertaken through the agency of the employment service. In the last year about seven hundred thousand people have passed through those offices, going from one job to another. One must remember that there has been almost a complete disappearance of what might be called private employment agencies. Most of the people brought from Great Britain under the Ontario immigration scheme were placed at work through the instrumentality of the employment service.

Another activity that has been carried on is the placement of university students in employment during the summer months. In fact almost every activity that has for its purpose the placement of men and women in employment is undertaken by the employment service. Today we have reached the point where some of the Canadian trade unions have made it part of their agreements that the employment agency shall do the actual employment, rather than the old office at the gate we used to see in days gone by. A big organization like General Motors of Canada, for instance, uses the employment service exclusively. Then we have had the transference of labour, during the summer months particularly, from the western provinces to the east and vice versa, which is handled by the employment service.

I mentioned university students, and in that connection I brought along with me a letter from the students' administrative council, Hart House, University of Toronto, addressed to one of my officials in that city. It reads:

> It is particularly difficult, in fact it is almost impossible, to express adequately in a letter the great debt of gratitude that this department owes to you and your department for the magnificent work which your officers and your department have accomplished within the university in placing this great student body in summer work.
>
> The statistics which I have received from you speak for themselves. They are most impressive and such a tremendous job would have been impossible without devoted application to duty on the part of your officers who were at the university. Your own interest and co-operation has left nothing to be desired and I can only say that I look forward with the greatest of pleasure to renewing this association next year.
>
> I do wish, however, to place on record my appreciation of the very valuable work done by Mr. Halse who for the past two seasons has been with us at the university. I have been stopped in the corridors, on the street, and elsewhere by the students who are grateful for the time and energy he took in their particular cases. I know that Mr. Halse spared no efforts towards anyone who was interviewed by him in seeing that they were suitably placed. He has done a magnificent job and we owe him as well a very great debt of thanks.
>
> I will include the statistics of placement in my report to the president of the university which is sent to the provincial and dominion governments. I will be glad to send you a copy of this report when it is completed.
>
> Yours sincerely,
>
> "E. A. Macdonald"
> General Secretary-Treasurer.

Mr. MACDONNELL (Muskoka-Ontario): I should like a little further information, and I am speaking to the minister as a man who, I believe, largely shares my own feeling that we want people to do as much as possible for themselves.

Mr. MITCHELL: Certainly I do.

Mr. MACDONNELL (Muskoka-Ontario): On pages 144 and 145 of the estimates I observe a whole list of new officials who have been appointed. Frankly I always have the feeling that, unless it is carefully watched, a department can grow, and that new jobs can grow also; and at the same time I feel that eighteen and a half million dollars is a lot of money. Would the minister turn to page 144 and look at these appointments? I take it that those shown for 1948-49 but not for 1947-48 are new appointments. About half way down the page I see these positions: assistant supervising inspector; chief contributions officer; chief planning officer; administrative officers, grade 1. I take it that this whole group are new appointments.

While I am on my feet, may I ask the minister also to explain the whole group at the top of page 145, who apparently also are new, since no item is shown for 1947-48. Can the minister explain just what new activities have been undertaken?

There is also this other question. Is the government taking over expenses which should be borne by the companies themselves? The minister said the companies were very glad to use this service. If it is relieving them of expense, that may well be so. If this is the only efficient way to do it, I am answered; but I should like to know.

Mr. MITCHELL: These are people who were previously temporaries and who are now made permanent, rather than additions to the staff. As a matter of fact, the strength of the employment service has been reduced by some 1,500 in the last eighteen months. I agree with my hon. friend that sometimes we forget that every time a civil servant is employed he becomes a charge upon the living standards of the producers of this nation. It is said that we are doing things for the employers. I believe the employers did a great many things for us, as a government; and that goes for all governments. Perhaps it is not too bad if the wheel turns the other way sometimes. My mind goes back to the old days in my hon. friend's city, when you saw on Bay street outside the *Telegram* office, and on the street where the *Star* is located, lines of people waiting to get the papers in order to look for jobs, and then running off to look them up themselves. Even in those days the Ontario government had an employment service. It is much more satisfactory if you can channel these people through an agency under the jurisdiction of the government. I believe that is better than the old days of the private employment agencies, when the worker paid for the service rendered.

Mr. MACDONNELL (Muskoka-Ontario): I agree with the minister to this extent, that I have no desire to see queues on Bay street, which he described so well. I think he has answered my question. Do I understand that the list at the top of page 145 are people who were previously temporary?

Mr. MITCHELL: That is right.

Mr. MACDONNELL (Muskoka-Ontario): Did I understand the minister to say there had been a shrinkage of 1,500 in the staff?

Mr. MITCHELL: Yes.

Mr. MACDONNELL (Muskoka-Ontario): On a rough calculation that would be a reduction of about $2,000,000 in salaries. I am taking 1,500 employees at $1,000 each, which would give $1,500,000. The reduction in the item is $695,000. I realize there may be other additions. First of all, will he tell me the actual reductions in salaries.

Mr. MITCHELL: This represents reclassifications, increases in salaries and promotions. This was approved in the past couple of years. The figure is taken care of in that way.

Mr. MACDONNELL (Muskoka-Ontario): I wish the minister would explain a little more fully his statement that this service is more expensive in a time of full employment.

Mr. MITCHELL: I think that is correct. The fewer people employed, the smaller are the contributions to the fund. The greater the employment, the greater are the contributions. There are contributions by the employer, the employee and the state.

Mr. MACDONNELL (Muskoka-Ontario): I should have thought that was a comparatively small amount compared with the service required in finding employment or in making transfers if, in fact, there is a great deal of that going on.

Mr. MITCHELL: The administration of a fund covering 3,250,000 people is a man-sized job and takes a big organization. That is not the only part of it. There is the placement end of it. You have also the insurance end, and the contributions being made by the three parties to the fund. In addition to that, you have the payment of insurance benefits to those people who are entitled which, in turn, entails a good deal of bookkeeping.

Mr. MacINNIS: Perhaps it would clarify matters for the hon. member for Muskoka-Ontario if it were pointed out that the payment of unemployment insurance benefits makes placement officers necessary. The recipient of unemployment insurance must come to the placement officers in order to find out if there is employment. The two must go together.

Mr. GILLIS: This afternoon I asked questions of the Minister of Mines and Resources regarding the amount of co-operation between the Department of Labour and the immigration branch concerning displaced persons. I asked if they were being admitted into Canada after due regard to employment conditions in this country, and seeing to it that our own people are not displaced. The Minister of Mines and Resources stated at that time, as did also the Minister of Labour, that the matter would be answered by the Minister of Labour when his estimates were before the committee. I presume he is now in a position to do so.

I should like to ask a question regarding the unemployment insurance commission and its place in the field of the placement of employees in Canada. During the war, selective service performed a useful function. One could seek employment and be placed through the placement officials of the selective service personnel. Employers were compelled to register their requirements. The office performed a useful function, because employers were obligated to register their requirements, and selective service had the right to direct employees to employment.

This condition no longer obtains. I think it is a function in the unemployment set-up which at some time in the future will have to be restored.

Mr. MITCHELL: Do I understand the hon. member correctly, that he believes there will have to be a restoration of direction of labour?

Mr. GILLIS: Absolutely. If that is not done, the minister cannot stand in the house and tell me or other hon. members that he has a placement branch in his unemployment insurance set-up. He has no such thing. All he has is a group of officials who can interview prospective applicants for employment, and tell them where they may secure employment. In the great majority of cases the employers in this country are not placing their requirements in the unemployment insurance offices. They are picking and choosing to suit themselves. No longer has that office the right to direct employees to employers. I am saying that must come back some time; because I believe that in the not distant future we shall face a situation in Canada where these offices will have to perform that kind of function.

We have pockets of unemployment across the country, all the way from Vancouver in British Columbia to Louisburg in Nova Scotia. Immigration authorities are bringing to this country displaced persons from Europe. In the first analysis we decided we were bringing them in for humanitarian reasons. I should like to know from the minister under what type of contract these displaced persons are being brought in. What is the length of contract? What are these people obliged to do?

For example, I received a letter from a mining camp in northern Quebec advising me that displaced persons had been taken on in that camp. Under the terms of their agreement they were obliged to work for their employer for one year. During that time they were not permitted to join a union. Is that true?

Secondly, is the Department of Labour checking closely with our own unemployed pockets across the country to see to it that Canadians are placed first in employment, before people are brought into this country under the guise of relieving displaced persons camps in Europe, for humanitarian purposes, while actually they are replacing Canadians who should be employed? The minister said this afternoon that he would answer these questions. I would ask him to do so now.

[Mr. Gillis.]

Mr. MITCHELL: That is a pretty long bill. If I miss any, I shall come back to it later.

Mr. GILLIS: I will remind you, if you do.

Mr. MITCHELL: First of all, I think my hon. friend tipped his hand as to the kind of state we would have to live in if his party were ever in power. I do not think he did it deliberately.

Mr. GILLIS: Yes, I did it deliberately.

Mr. MITCHELL: Well, so long as we know—

Mr. GILLIS: But not what you have in mind.

Mr. MITCHELL: Now, just a minute. In all humility, I suppose that during the war I had more power over the lives of men and women in this country than any other man has had in the history of North America. That was made necessary by war conditions. I can remember the objections my hon. friend raised, and quite properly, against directions given in the mining industry, but I always used to say to myself that the do's and don'ts and shalt's and shalt not's which I had to set in motion would not be allowed to impair the basic freedom of the people of Canada. I believe in the right to strike, but you do not allow that right when you say to a fellow: You are directed to such and such a job. That is a police state. When I said at the conclusion of the war that selective service would go down the drain I was convinced, against the opinions of many of my friends and others, that the resiliency of the Canadian people was such that over 1,000,000 men and women could pass out of the armed forces into industry and commerce and agriculture in this nation without the necessity of controls. I disagree with my hon. friend on his approach to this problem.

Mr. GILLIS: Disagree on what?

Mr. MITCHELL: I was born in Great Britain, but I do not have to live there. However, I will say this, that when you start pushing people around and keep on doing it for a decade, particularly when those people are in the young and formative stage of life, you are not far from the kind of state that I am sure my hon. friend does not believe in and I do not believe in.

Mr. GILLIS: On a point of order, Mr. Chairman, I asked a couple of questions and I would ask the minister to answer them. I do not understand what he is talking about when he is speaking of a police state.

Mr. MITCHELL: I have a perfect right to draw my own conclusions. I believe in the right of a man to quit his job if he wants to, and to refuse a job if he wants to.

Mr. GILLIS: If he has a job. What about the 30,000 unemployed in the maritimes?

Mr. MITCHELL: My hon. friend has asked me a good many questions and I will try to answer them all. At the moment we are providing transportation to jobs for people in Sydney, Halifax, Pictou, New Glasgow and Vancouver, and that movement has never stopped. My hon. friend will remember the situation in Windsor not very long ago. We received representations from the mayor and council of the city and from our own officials, and accordingly we made provision for the movement of men out of that area, but for some reason best known to themselves the men did not want to leave it. I suppose that is quite natural. We have paid transportation for about 2,800 people from the area to which my hon. friend referred.

Mr. GILLIS: I thought that was discontinued last October.

Mr. MITCHELL: No, it is in operation at this moment.

Mr. GILLIS: It was announced in the house that it was being discontinued.

Mr. MITCHELL: There has been some mention of displaced persons. I think it is fair to say of the three newly elected members of the C.C.F. in this house that they are, like myself, to all intents and purposes displaced persons. I gather that from the inflection in their voices.

Mr. MacINNIS: That is right.

Mr. MITCHELL: Most of us left the old country to better ourselves in this dominion, and it is only a matter of degree whether you come from the old country or from Latvia or Poland or some other country.

Mr. McIVOR: Or Ireland.

Mr. MITCHELL: Or Ireland, as my good friend suggests. I was much impressed with what my good friend the hon. member for Vancouver East said when speaking of the problems of displaced persons. But what he said did not agree with what was said by the hon. member for Swift Current when he spoke not long ago in this city. I quote from the Ottawa *Citizen*, which I rarely do:

> Mr. Bentley labelled the bringing of D.P.'s to Canada as a kind of fascism. "It was not kindness that prompted the action but an effort to bring in competition for Canadian organized labour and to bring down wage bills. If carried on long enough it will end up with them all on the soup line."

That was the statement made by the hon. member for Swift Current, as reported in the Ottawa *Citizen*. I do not think he believes that any more than any other man in this house does. The government and the people of this country were motivated by the highest ideals when they assumed the obligation of taking a certain proportion of these displaced persons in Europe; and to say that they were brought out here to undermine the living standards of our own people is not a statement of fact.

Mr. GILLIS: No one said that.

Mr. MITCHELL: I was just reading what the hon. member for Swift Current said, as reported in the *Citizen*. I hope he did not say that.

Mr. GILLIS: That is just a sentence taken out of the context.

Mr. MITCHELL: No, it is not. I do not do that sort of thing. I will send the clipping over to my hon. friend. There is an old saying that when you accuse the other fellow you should take a look in the glass at yourself.

Mr. GILLIS: You have not yet answered any of my questions.

Mr. MITCHELL: I am afraid my answers are not to my hon. friend's liking.

Mr. GILLIS: What about the contract with displaced persons? It is nearly eleven o'clock now.

Mr. MITCHELL: I shall be here tomorrow. It is not a contract. It is an understanding. It is not a contract enforceable at law. I was charged with the responsibility of developing that idea, and it was done solely for the purpose of protecting the people involved. We took the position that these people should not be brought to Canada to undercut the living standards of our own people. I think it has worked out remarkably well. I have no knowledge of the denial of the right to any of these people to belong to any organization: I know a certain political party in this country—I am not referring to my hon. friend's party—which has gone out of its way to try to influence these people into a line of thinking such as they have left behind them in their home countries. On my own street I have seen girls who came to this country only six months ago from displaced persons camps, and you would never recognize them now for the same people. They look healthier; they are better dressed; they are happier; they are glad to be here. I have

in my files scores and scores of letters from men and women who have come to Canada from displaced persons camps and who are happy to be living in this land of freedom.

Let me say to those who talk so much about conditions in this country that I have some knowledge of the people who want to come to Canada. I have some knowledge in my department anyway of the people who want to come to Canada. I do not know of any applications to go back to the countries to which I have referred. Everybody wants to come to North America or to go to somewhere in the British commonwealth. Not long ago I talked to the minister of immigration of Australia. They are anxious to get these good people to emigrate to that country. I think they have set a target of 75,000 for the coming year. The only thing that is holding them up is the provision of shipping. In the years to come, I think these good people from these camps in Europe will give full credit to the Canadian people for the contribution they made to permit them to make a new start in life. Let us be decent about the matter. Let us approach them as human beings. I think it can be truthfully said that, as far as the government is concerned, we are doing our very best to see that these people are placed with good employers, without in any way impairing the living standards of the men and women engaged in industry.

I know, and the hon. member knows, there are people in this country who say that if you are not a communist you are a fascist. I know there are people in this country who are going up and down this land and giving statements to the newspapers. I know them by reputation. They say that everybody who does not agree with them is a fascist. I have never taken that point of view. This country could very well get along without these people. If they do not like the country in which they live, for goodness sake let them go to the country they like.

Mr. GILLIS: I do not want the committee or the minister to get the impression that I was quarreling with the government for bringing displaced persons into this country. What I had in mind was whether, in the face of the unemployment problem in Canada, there was co-operation and understanding between the immigration branch, which is bringing them in, and the Department of Labour to see to it that they were brought in and placed in sections of Canada where they would not displace our own people? The minister did not answer that question.

Mr. MITCHELL: One thing at a time.

[Mr. Mitchell.]

Mr. GILLIS: Perhaps he will answer tomorrow. I have a great admiration for the selective service department which was set up during the war. I do not think the minister had a more effective section of his department in Canada. They did an excellent job. I was disappointed because, as soon as the war finished, the offices were closed. The greatest contribution that that section of the minister's department could make was in the transition from war to peace when it was really necessary, to a large extent, to a greater extent in fact than it was during the war, to direct the employer and the employee. That function dropped off.

When I said that I thought that, sooner or later, these employment agencies which work in co-operation with the unemployment insurance offices would resume that function. May I say that I believe they will in the not far distant future—I was not suggesting the police state. It is much better for a young fellow or a young girl to walk into an office in any section of Canada, speak to the placement officers and ask them if they have anything on the board in the way of employment in the town or city and to have the clerk in the office refer to the board and say, "Yes, So-and-so wants so many people", and be able to call that employer and have some authority to direct the boy or girl that is on the street to some kind of gainful employment under some kind of government supervision than to have what we have now, these young people walking the streets.

You have these offices set up across Canada, but employers are not using them. They are not placing their requirements in your employment insurance offices and in the hands of the placement officers. They have gone back to the point where they say they will hire whom they like, with the result that there are a lot of boys and girls on the road in Canada today with no employment, although there is employment if they were directed to it. For the minister to construe that kind of attitude as advocating the police state is not fair. I do not think he did so deliberately. I think he did so because he misunderstood exactly what I meant. What I meant was a place to which the unemployed of any town or city in Canada could go and receive some kind of intelligent direction into employment that exists in that city; but because of the haphazard method adopted now by employers and by those agencies, those who want work have no direction in finding it, and those who need employees are not in the position where they can place their orders with some recognized

responsible body to which the employees could be referred. That is all I meant by that.

The minister has not answered for my benefit the question on the type of contract under which displaced persons are brought to this country.

As I said this afternoon, when I made a few remarks to the Minister of Mines and Resources, if we are bringing displaced persons in from Europe for humanitarian reasons, for the purpose of rebuilding them and getting them back on their feet from the standpoint of health and the building of morale, that is fine. I am all for it. But the first obligation of the people of Canada and the government of Canada is to our own people, especially when one considers the unemployment that we have in the maritimes. As the minister knows, there are approximately 27,000 registered unemployed seeking work in Canada. It is the responsibility of the government of Canada to see that they are placed. To all intents and purposes they are displaced persons. We lose approximately 15,000 of these young people to the United States every year. In fact, we have been doing that for the last fifty years. It is time that we started to keep these young people at home in Canada. That is our best immigration.

The minister says that the policy of the government is not to undermine the standards of the people of Canada by bringing displaced persons in. I am not suggesting that it is government policy, but I am suggesting that some employers in this country will use these people for that purpose unless the government is on its toes and sees that it is not done.

The main object of my questions this afternoon to the Minister of Mines and Resources was to make sure that the Minister of Labour, through whose department these people are brought in, consults with the lumber industry and the union in that particular industry to see that wages, conditions and standards are kept up in so far as these people are concerned. The same thing applies to the textile mills. There should be co-operation with the textile workers' union.

The minister made a statement in the house at one time that they had done that with those who were brought in for the needle trades. He said they were brought in with the co-operation and understanding of the garment workers' union. If that is still done, that is fine. But I pointed out to the minister a few moments ago that I received a letter from northern Quebec to the effect that in the gold mining industry of that section of the country displaced persons who were brought in there were under a year's contract, and during that year they had practically no freedom to do anything except to work out the year under whatever conditions the management of the industry laid down. It is on these points that I want to be assured. My principal objective in asking these questions was to find out what will happen to the 27,000 displaced persons in the maritimes who are seeking employment in other parts of Canada.

A few moments ago the minister said that the arrangements in his department to move them to other parts of Canada were still in effect. Well, I remember distinctly—and I am now speaking from memory—questioning the minister on this point during the present session. He informed the house at that time that the regulations under which they had moved some 4,000 people from the maritimes into central Canada expired in October, 1947. As far as I know, until the present time these regulations have not been re-enacted or revised, and it is on these points that I want some assurance.

Some hon. MEMBERS: Eleven o'clock.

The DEPUTY CHAIRMAN: The hon. member for Muskoka-Ontario asked for leave to discuss item 137, though we had passed it. That discussion took place, and I think we should pass 137. Item 142 is the one before the committee.

Mr. MacINNIS: I think you must be moving very fast, Mr. Chairman. I can follow fairly swift counting, but I have only got as far as item 138.

Mr. MITCHELL: Yes, item 138.

The DEPUTY CHAIRMAN: The hon. member for Muskoka-Ontario asked to have item 137 discussed, and we were past that. We were past item 141. He also wished to say something on item 138. Item 137 we should pass now, and item 142 is the one before the committee.

Mr. MacINNIS: I am agreeable to item 137 passing.

Item agreed to.

Mr. MacINNIS: On item 138 I wish to ask the minister some questions.

Mr. MITCHELL: I wish to reply to the hon. member for Cape Breton South and the hon. member for Vancouver East, and I think we had better wait until tomorrow.

Mr. GILLIS: We may be in a better humour tomorrow.

Progress reported.

BUSINESS OF THE HOUSE

Mr. FOURNIER (Hull): Tomorrow we shall consider the amendment of the senate to Bill No. 338, respecting income tax. Then we shall proceed with Bill No. 395, which is an income tax agreement between Canada and New Zealand; then Bill No. 396, the Foreign Exchange Control Act, then Bill No. 397, to amend the Emergency Exchange Conservation Act. Then we shall go into supply on the estimates of labour, fisheries, national revenue, defence, public works, legislation and veterans affairs.

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

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

DEPARTMENT OF MINES AND RESOURCES

Indians affairs branch—

213. Branch administration, $110,187.

214. Indian agencies, $1,963,366.

215. Reserve and trusts—administration, $129,237.

216. Welfare of Indians, $2,271,787.

217. Grants to agricultural exhibitions and Indian fairs, $7,500.

218. Education—Indian education, $3,166,778.

219. Grants to residential schools, $1,994,140.

220. Grant to provide additional services to Indians of British Columbia, $100,000.

Immigration branch—

221. Administration of the Immigration Act, $494,733.

222. Field and inspectional service, Canada, $2,632,232.

223. Field and inspectional service, abroad, $661,232.

Indian affairs branch—

224. Fur conservation, and development of native crafts, and to authorize, subject to the approval of the governor in council, the appointment of such extra temporary officers, clerks and employees as may be necessary for the purpose of this item, $286,000.

Mines, forests and scientific services branch—

225. Payments to Royal Canadian Air Force and commercial companies for air photography, and to defray the expenses of the interdepartmental committee on air surveys, $1,240,000.

226. Construction and equipment of an extension to the metallurgical laboratories, Booth street, Ottawa, including consulting, engineering and design fees, $130,000.

Lands and development services branch—

227. Land division, Alaska highway—legal, survey and other costs of acquiring right-of-way, flight strips and easements; and for the rental of lands leased to the crown, $9,000.

[Mr. Gillis.]

Immigration branch—

228. For expenditures in connection with looking after Canadian interests abroad, $100,000.

229. Repatriation of wives and dependents of members of the Canadian armed forces overseas, $117,000.

230. British evacuee children, $2,000.

744. Departmental administration — further amount required, $20,543.

Bureau of mines—

745. Mineral resources investigations—further amount required, $215,582.

746. Investigations of radio-active ores—further amount required, $17,250.

Dominion forest service—

747. Forest research and investigations—further amount required, $54,669.

748. Forest products research — further amount required, $55,851.

Geological survey of Canada—

749. Geological surveys—further amount required, $58,440.

Surveys and mapping bureau—

750. International boundary commission—further amount required, $4,000.

751 Legal surveys—further amount required, $15,220.

752. Map compilation and reproduction—further amount required, $17,270.

Dominion water and power bureau—

753. Dominion water and power bureau, including the administration of the Dominion Water Power and Irrigation Acts—further amount required, $20,000.

754. To provide for studies and surveys of the Columbia river watershed in Canada—further amount required, $20,000.

755. Geographical bureau—further amount required, $21,500.

Dominion observatories—

756. Dominion observatory, Ottawa—further amount required, $9,500.

757. Dominion astrophysical observatory, Victoria, B.C.—further amount required, $6,500.

Lands division—

758. Administration of dominion, ordnance and admiralty and public lands; seed grain collections—further amount required, $37,130.

Northwest territories and Yukon services—

Mackenzie division—

759. General administration, operation and maintenance of services, including Wood Buffalo park—further amount required, $46,815.

760. Forest conservation, including Wood Buffalo park—further amount required, $20,000.

Roads, buildings and water systems—construction and improvements —

761. Roads—further amount required, $50,000.

762. Buildings—further amount required, $40,000.

763. Arctic division—buildings, $35,500.

Yukon division—

764. Administration—further amount required, $4,100.

765. Buildings—further amount required, $10,000.

National parks services—

766. National parks and historic sites services—further amount required, $524,850.

Dominion wildlife service—

767. Wildlife resources conservation and development, including administration of the Migratory Birds Convention Act—further amount required, $40,150.

768. Special projects—To provide for dominion's share of joint dominion-provincial survey of Victoria-Patricia airport road in British Columbia, $4,000.

769. To provide for the 1948-49 dominion contribution to the cost of section B, Cranberry Portage to Cuprus mines, of the proposed road between The Pas and Flin Flon in Manitoba for which a dominion-provincial agreement is pending, $100,000.

770. Indian agencies—further amount required, $231,128.

771. Reserves and trusts—administration—further amount required, $205,101.

772. Education—Indian education—further amount required, $474,710.

773. Grants to residential schools—further amount required, $458,000.

774. Administration of the Immigration Act—further amount required, $77,840.

775. Field and inspectional service, Canada—further amount required, $198,658.

776. Field and inspectional service, abroad—further amount required, $685,699.

777. To provide for the costs incurred in carrying out the immigration-by-air plan, over and above the net amounts received as fares, and to provide authority for applying the net amounts received as fares to the reduction of the total cost of the plan, $1,340,940.

778. Grant to Mrs. Dorothy L. Livingstone, widow of Hugh Livingstone, whose death resulted from an accident in the bureau of mines laboratories, $1,000.

779. To complete the printing of a report on the natural resources and development of Canada's northwest region (revote), $1,450.

DEPARTMENT OF NATIONAL DEFENCE

General services—

231. Grants to military associations and institutes, as detailed in the estimates, $116,950.

DEPARTMENT OF LABOUR

131. Departmental administration, $701,241.

132. Annuities Act, $671,606.

133. Fair wages, conciliation, industrial relations, industrial disputes, investigations, including the administration of legislation relating thereto, and for activities *re* promotion of co-operation in industry between labour and management, $283,431.

134. International labour conference, $42,000.

135. *Labour Gazette* and other publications authorized by Labour Department Act, $83,164.

Vocational Training Co-ordination Act, 1942—

136. Administration (formerly under demobilization and reconversion) including expenses of vocational training advisory council, $55,800.

137. Expenditures for vocational training under the Vocational Training Co-ordination Act, 1942, and agreements between the dominion and provinces approved by the governor in council, including projects for training of persons to fit them for gainful employment, youth training, apprenticeship training, vocational training at the secondary school level, foremanship and supervisory training, as well as to provide for undischarged commitments of previous years (including certain items formerly under demobilization and reconversion), $3,377,500.

Unemployment Insurance Act, 1940—

138. Administration, including expenditures incurred in connection with the activities of the national employment service as delegated by the Minister of Labour in accordance with section 88 of the act, $18,465,000.

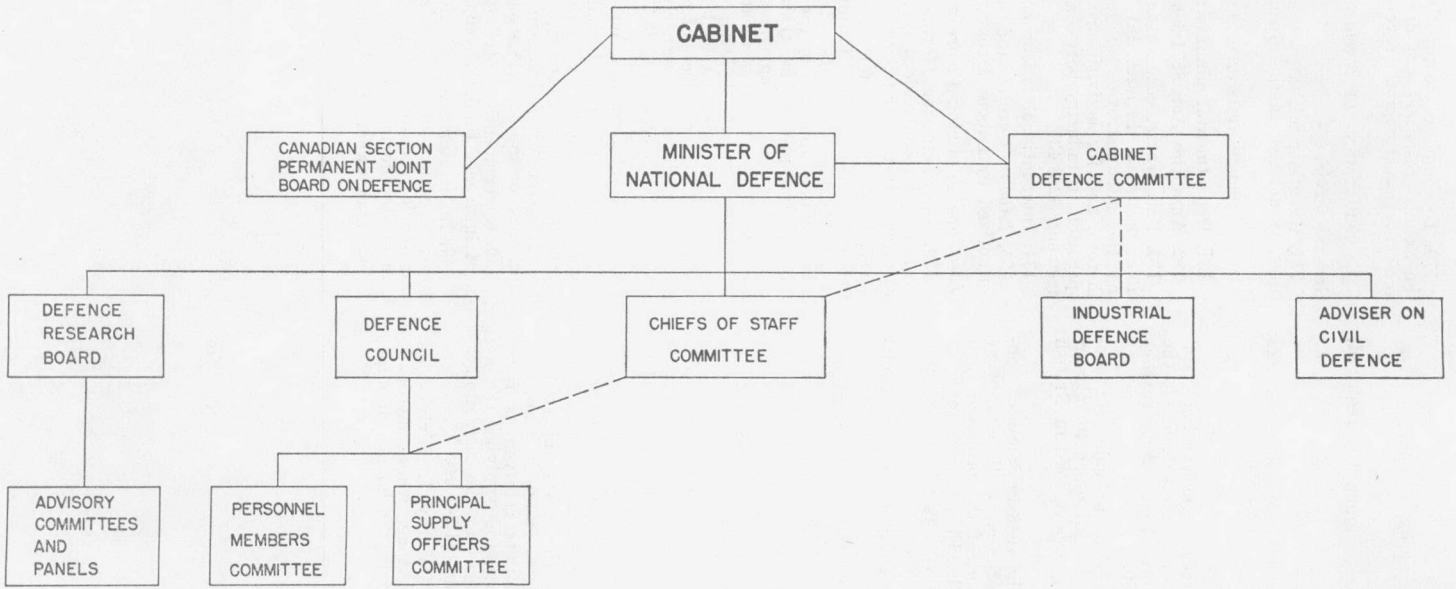
139. Government's contribution to unemployment insurance fund, $17,000,000.

140. Reinstatement in Civil Employment Act, 1946; placement of labour planning; history of war services; custody of records and coordination of stevedoring, $164,075.

141. Manpower statistics unit, $30,000.

(*See page 5780*).

CANADA – ORGANIZATION FOR DEFENCE



HOUSE OF COMMONS

Friday, June 25, 1948

The house met at eleven o'clock.

REPORTS

Interim report of the special committee appointed to consider the procedure of the House of Commons.—Mr. Speaker.

Second annual report of the atomic energy control board for Canada, 1947-48; annual report of Eldorado Mining and Refining Limited for the year ending March 31, 1948; and statement of operations of Northern Transportation Company Limited for the year ending December 31, 1947.—Mr. Howe.

Two copies in the French language of the annual report of the fisheries prices support board for the fiscal year ending March 31, 1948. —Mr. MacNaught.

RAILWAYS AND SHIPPING

Mr. S. M. CLARK (Essex South) presented the third report of the sessional committee on railways and shipping owned, operated and controlled by the government.

Mr. CRUICKSHANK: Does that include railways in Saskatchewan?

VETERANS AFFAIRS

QUESTION AS TO VETERAN T. HARVEY

Mr. L. A. MUTCH (Parliamentary Assistant to the Minister of Veterans Affairs): Mr. Speaker, I wish to answer orally questions directed yesterday on the orders of the day by the hon. member for Lethbridge (Mr. Blackmore). The first question was:

Where is veteran T. Harvey, regimental No. D76502 and pension No. 550593, known to have been discharged from Ste. Anne's hospital, Ste. Anne de Bellevue, P.Q., on June 14, 1948; known to have been in Ottawa June 17, 1948; known to have been at 507 Place d'Armes, Montreal, some time since June 17?

The answer is: Mr. Harvey visited the district office of the Department of Veterans Affairs in Montreal yesterday, June 24. He was seen by a medical officer who advised him to enter hospital for his pensionable condition of tuberculosis. Mr. Harvey said that he had some personal business to attend to and that he would present himself for hospitalization when his business was completed. He left no address.

The second question was:

Has the said veteran Harvey been forcibly detained some time since June 18, 1948?

The answer is: Not by this department.

The third question was:

Is the said veteran Harvey now being denied freedom to communicate with certain of his friends outside his present place of abode?

The answer is: Not by this department.

I might add that Mr. Harvey left the hospital after signing a refusal to take further treatment. He left of his own accord, returned yesterday of his own accord seeking to find out whether or not he would be admitted, was told that he would be, and is free to return at his own request.

Mr. BLACKMORE: Will the parliamentary assistant tell us what hospital Mr. Harvey so left after refusing to receive treatment as indicated; to what hospital did he return recently, as indicated by the parliamentary assistant; and is it so that prior to his discharge from Ste. Anne's on June 14, 1948, veteran Harvey was forcibly detained in Ste. Anne's hospital for several weeks?

Mr. SPEAKER: Order.

QUESTIONS

(Questions answered orally are indicated by an asterisk).

IMPORT RESTRICTIONS—PICTORIAL POSTCARDS ETC.

Mr. ROSS (St. Paul's):

1. Have any permits been issued for the importation into Canada from Great Britain of any pictorial postcards, greeting cards, or similar artistic cards or folders, finished or unfinished, or any Christmas seals, stickers, tags and enclosure cards, printed, embossed or otherwise decorated, which articles come under the prohibited list schedule I of Bill No. 3?
2. If so, to what company, partnership, person or persons have these permits been issued?
3. What was the reason for their issuance?
4. What condition of exceptional hardship would result if the permits had not been issued?
5. What is the nature of the permits?
6. For what types and quantites of the above articles have permits been granted?
7. What is the approximate value of the articles under the permits so granted?

Mr. BELZILE:

1. Yes.

2. Bets Book Shop, 2224 Oak Bay Ave., Victoria, B.C.; Furness Withy & Co. Ltd., St. Sacrement St., Montreal, P.Q.; Grenfell

Labrador Medical Mission, 48 Sparks Street, Ottawa, Ont.; Guild Book Shop, 15 Metcalfe St., Ottawa, Ont.; J. Kemp, 2079 Crescent Rd., Victoria, B.C.; H. O. Loescher Canada Ltd., Niagara Falls; Mahons Stationery, 90 Spring Garden, Halifax, N.S.; Menzies & Co. Ltd., 266 King St. W., Toronto, Ont.; R.A.E.J. Agencies Ltd., 1 Buckingham St., Halifax, N.S.; Stafford Roberts, 14 Lonsdale Rd., Toronto, Ont.; G. Morris Taylor, Jasper, Alta.; Valentine Edy Co. Ltd., Printers & Publishers, Canada Bldg., Winnipeg Man.

3. Permits have been issued for the following reasons and to take account of conditions of exceptional hardship as indicated below:

(a) Greeting cards individually marked "sample—not for resale" are permitted import in reasonable quantities on application by greeting card manufacturers. Most greeting card manufacturers in Canada adopt their designs from abroad and sample cards are normally imported to permit canvass of the Canadian market before production in Canada. It would seriously disrupt established trade practice and create considerable hardship if manufacturers were not permitted to import these samples.

(b) Some small shipments to the value of less than $20.00 came forward shortly after import was prohibited. It was deemed unreasonable and excessive hardship, in relation to the quantities and value of the goods, to insist that they be returned overseas or destroyed. Accordingly, import permits were given and the importers warned that no further exceptions could be made.

(c) In some cases the goods were printed with Canadian names, trade marks or designs that rendered them valueless outside Canada. In others, the processing of materials to such specifically Canadian designs was well under way as of November 17, 1947. It was considered an exceptional hardship to prohibit import in such cases; therefore, permits were given for goods wholly or substantially made to distinctively Canadian specifications at that date.

(d) One shipment, approximately $200 in value, was shipped from England on November 19, 1947. It was considered a permit should be approved in this instance.

(e) One shipment of goods designed for free distribution in Newfoundland by a non-commercial organization was admitted.

(f) One shipment of postcards was admitted on the following basis: while technically an import into Canada, the goods were consigned by an English steamship company to its Canadian agents to be supplied ultimately to the consignor's own ships when in Canadian ports, for distribution to the passengers.

4. See answers to No. 3.

[Mr. Belzile.]

5. Permits are issued on Emergency Import Control Division Form EC-6, "Special Permit to Import Controlled Goods." Permits authorize the collector of customs at a designated port of entry to permit import of a stated quantity of specifically described goods up to a stated maximum value in Canadian dollars when consigned to the person or persons named therein (normally, the applicant or his agent), in one or more consignments as specified therein, on or before a stated expiry date.

6.

Type	Quantity	Value
Religious type greeting cards	324	$ 6.00
Chromos (i.e. semi-manufactured greeting cards)	235,500	3,069.36
Postcards (cards)	501,816	
(packets)	1,000	
(lbs.)	62	4,836.85
Greeting cards — commercial type	120	20.00
Greeting card samples	5,704	
No commercial value—nominal value estimated to be	....	40.00
		$7,972.21

7. See answers to No. 6.

DUFFERIN COUNTY, ONT., COUNTY JUDGE

Mr. ROSS (Hamilton East):

1. Who is the county judge of Dufferin county, Ontario?
2. When was he appointed?
3. What is his salary?
4. How many times a month does he hold court?
5. Does he hold a position with the Liquor Licence Board of Ontario?
6. If so, what position?

Mr. ILSLEY:

1. Walter T. Robb.
2. December 22, 1931.
3. $6,666.66.
4. No information.
5. His Honour Judge Robb is chairman of the liquor authority control board, Ontario.
6. Answered by question 5.

QUESTIONS PASSED AS ORDERS FOR RETURNS

CANADIAN VOLUNTEERS TO FIGHT IN FINLAND, 1939-40

Mr. STEWART (Winnipeg North):

1. Were volunteers to fight in Finland during 1939-1940 permitted to organize in Canada?
2. If so, were these volunteers supplied with army equipment at any time and, if so, of what types?
3. Were these volunteers paid? If so, by whom?

PAYMENTS TO LOWER ST. LAWRENCE NAVIGATION COMPANY, ETC.

Mr. COTE (Matapedia-Matane):

1. Were any amounts paid by the various federal departments as grants, expenses or otherwise from March 31, 1939, to March 31, 1946, to (a) the Lower St. Lawrence Navigation Company (Compagnie de Navigation du Bas St-Laurent); (b) the National Telephone Company (Compagnie de Telephone Nationale); (c) the Rimouski CJBR radio station; (d) the Lower St. Lawrence Power Company (Compagnie de Pouvoir du Bas St-Laurent); (e) the Jules Brillant School of Rimouski; (f) the Marine School of Rimouski; (g) the Industrial School of Rimouski; (h) the Arts and Crafts School in Rimouski?

2. If so, what amounts were paid in each case?

3. Were any amounts paid by the various federal departments to J. A. or Jules Brillant, of Rimouski, as emoluments, fees, salary, remuneration, expenses, or otherwise, from March 31, 1939 to March 31, 1946?

4. If so, what amounts?

PIE IX BOULEVARD BRIDGE, ST. VINCENT DE PAUL, QUEBEC

Mr. DENIS:

1. Did the federal government make any contribution in the expenditure incurred for the construction of Pie IX boulevard bridge at St. Vincent de Paul, Quebec, including expropriation and viaduct?

2. If so, what was its authorized and paid contribution?

3. What percentage does this amount represent if compared with the Quebec provincial government's contribution for same?

FLOOD CONDITIONS

RELIEF AND REHABILITATION IN THE FRASER VALLEY

On the orders of the day:

Right Hon. W. L. MACKENZIE KING (Prime Minister): I wish to make a statement on relief and rehabilitation in the Fraser valley as approved by the Premier of British Columbia on behalf of the government of British Columbia and myself on behalf of the government of Canada.

After consultation with the Fraser Valley relief and rehabilitation commission established by the governments of Canada and British Columbia, the two governments have agreed that the assistance to be given by the government of Canada to British Columbia in helping to meet the requirements for emergency relief and for the rehabilitation of the flooded areas in the Fraser valley arising out of the national disaster created by the floods shall take the form of a lump sum grant by the federal to the provincial government of $5,000,000.

It has been agreed by the two governments that this grant will be understood to cover the share of the government of Canada in temporary emergency relief as well as the share of financial liability for measures of rehabilitation which the government of Canada agreed to accept in accordance with the announcement made in the House of Commons on June 9.

In addition to the lump sum grant of $5,000,000 for relief and rehabilitation, the government of Canada will provide seventy-five per cent of the cost of repairing, strengthening and reconstructing the dikes in the Fraser valley and removing water and debris from the flooded land, and the provincial government will provide the remaining twenty-five per cent of these costs. The two governments have agreed to establish a Fraser Valley diking board that will carry on this work as quickly as the board can be organized and take over the actual responsibility for this work from the various local, provincial and military authorities now dealing with it.

In view of the lump sum grant by the federal to the provincial government, the government of British Columbia, together with the flood relief committee, the Red Cross and the local authorities, will assume responsibility for whatever relief and rehabilitation measures they deem necessary in the flooded areas, not only in the Fraser valley but elsewhere throughout the province, except as regards the repair and reconstruction of the dikes and the removal of water and debris in the Fraser valley. It has also been agreed by the two governments that the armed forces will remain to assist the province until the emergency is ended, and it has been tentatively agreed that the end of the emergency will be regarded as occurring when the water level at Mission falls to eighteen feet.

It was recognized by the provincial government that what the armed forces had already spent on relief would be a part of the $5,000,000 grant, and the amount spent by the armed forces on protecting and repairing the dikes would be a part of the diking costs.

The Canadian army has also undertaken for the present to make available to the diking board a small staff of engineers and the 23rd field squadron of engineers to assist in carrying out a portion of the work. The federal government has designated Mr. F. G. Goodspeed, assistant chief engineer of the Department of Public Works, to share with provincial authorities responsibility for work on the dikes and related matters, and has designated officials of the Department of

Agriculture and the Department of National Health and Welfare to assist the provincial authorities.

Further supplementary estimates will be introduced in parliament today or tomorrow to provide the authority for the expenditures to be made by the government of Canada under these arrangements; also further supplementary estimates for the special expenditures of the Department of Public Works in its own operations made necessary by the emergency.

While the destruction of property in the Fraser valley reached the proportions of a national disaster, there is reason to be profoundly thankful that so few lives were lost because of the prompt and effective measures taken by members of the armed services as well as by the civil authorities to meet the emergency, and especially because of the magnificent voluntary efforts put forth by the citizens of the province. May I add that the co-operation of the federal and provincial governments in the constructive work of the diking board should give to the people of the Fraser valley a greater sense of security than they have known hitherto for their homes, their families, and their future.

In conclusion, I wish on behalf of the federal government to express warm appreciation of the untiring efforts of the members of the Fraser Valley relief and rehabilitation commission, General Hoffmeister and Hon. Mr. Hamber.

Mr. JOHN BRACKEN (Leader of the Opposition): I am sure the house has listened with interest and approval to the statement made by the Prime Minister with regard to the plans for co-operating with the province of British Columbia in connection with the flood disaster in the Fraser valley. However, just one question occurs to my mind. The Prime Minister has indicated that a Fraser Valley diking board is to be set up. I did not catch by whom that board is to be set up, or to whom it is to report and be responsible. Perhaps the Prime Minister would make that point clear. I did not hear clearly what the recommendations are with respect to the flooded areas outside the Fraser valley in British Columbia. Perhaps the Prime Minister would amplify his remarks on that point.

Mr. MACKENZIE KING: The board will be a joint one under federal and provincial authority. Details have yet to be worked out.

As to the flooded areas outside of the Fraser valley, as well as areas within the Fraser valley, it was felt by both the province and the dominion that the whole matter could best be managed if the government made a substantial grant to the province for all purposes of relief and rehabilitation; the province, in consideration of the size of the amount of the grant which is being made, to take care of those areas that are outside the Fraser valley.

Mr. BRACKEN: The amount of that grant has not been determined?

Mr. MACKENZIE KING: Yes. The federal grant is $5,000,000.

Mr. BRACKEN: Is that included in the $5,000,000?

Mr. MACKENZIE KING: Yes.

Mr. CRUICKSHANK: I understand the $5,000,000 is a token grant to the provincial government, to be administered by them for rehabilitation purposes. Is that correct?

Mr. MACKENZIE KING: It is more than a token grant. It is a substantial grant, and it is to cover the expenditures in regard to rehabilitation. The provincial government takes full responsibility for the administration of the moneys given to it by the federal government, and full responsibility for the work of rehabilitation from now on.

Mr. CRUICKSHANK: I understood the Prime Minister to say that certain other funds would be available to the provincial government in connection with the loss of crops. Is that correct?

Mr. MACKENZIE KING: I cannot say to my hon. friend what other funds may be available, other than those mentioned in the statement I have just made. Perhaps I should repeat that portion of the statement for my hon. friend's benefit:

> In view of the lump sum grant by the federal to the provincial government, the government of British Columbia, together with the flood relief committee, the Red Cross and the local authorities, will assume responsibility for whatever relief and rehabilitation measures they deem necessary in the flooded areas not only in the Fraser valley but elsewhere throughout the province, except as regards the repair and reconstruction of the dikes and the removal of water and debris in the Fraser valley. It has also been agreed by the two governments that the armed forces will remain to assist the province until the emergency is ended, and it has been tentatively agreed that the end of the emergency will be regarded as occurring when the water level at Mission falls to 18 feet.

Mr. CRUICKSHANK: I presume the Premier of British Columbia is satisfied with this token grant of $5,000,000. Is that correct? I am not.

Mr. MACKENZIE KING: I stated to the house a day or two ago that I would make a statement, which would be approved by the premier of the province and by myself before being given to the house. The statement I have read has the approval of both the government of British Columbia and the federal government.

Mr. FULTON: I understood the Prime Minister to say the amount spent by the armed forces would be deducted from this amount of $5,000,000. I think that is a pity; but does that mean just the amount that has been spent for materials that have been used, or would it also include the pay and allowances of the armed forces who have been helping in this work?

Mr. ABBOTT: Perhaps I might answer that question. It is not intended that it should include the pay and subsistence allowances of the armed forces, but only extra expenditures made by the armed forces in connection with the work they are doing.

Mr. GREEN: Could the Prime Minister give us any estimate of the total damage that has been suffered, including the cost of rehabilitation? Apparently he has made a settlement with the Premier of British Columbia for $5,000,000 plus three-quarters of the cost of repairing the dikes. Surely there has been some estimate of the total damage, including the cost of rehabilitation; or is this settlement made without either government having any idea of the approximate damage done?

Mr. MACKENZIE KING: No doubt my hon. friend is aware that a commission was appointed, of which Hon. Mr. Hamber and General Hoffmeister were members. This commission has given careful examination to these matters; they have gone into the matter of the probable loss as a result of the disaster. This is the amount that has been recommended to the federal government by General Hoffmeister, who was our representative on the commission.

Mr. GREEN: But can the Prime Minister not give us the estimated total damage? Apparently a settlement has been reached. There must be some idea of the total damage that has been suffered.

Mr. MACKENZIE KING: I cannot give it to my hon. friend immediately, because I have not the figures with me, but the commission has made that recommendation. They have gone into the whole matter themselves; and I think the country has complete confidence in the commissioners who are dealing with this matter.

Mr. GREEN: Can the Prime Minister get that figure?

Mr. SPEAKER: Order. The house will realize that there is no motion before it, and I cannot permit a debate on this matter at this stage. Hon. members may put questions, but they should understand that a debate cannot be permitted.

Mr. CRUICKSHANK: Shall we be going into committee of supply some time today?

Mr. ABBOTT: I point out to the hon. member for Fraser Valley that there will be a special item in the estimates which will have to be voted before we prorogue—

Mr. CRUICKSHANK: We won't prorogue for a week.

Mr. ABBOTT: —covering this grant, and full opportunity will be given for anyone who cares to do so to discuss the whole matter.

Mr. CRUICKSHANK: I should like to direct a question to the Minister of Finance, which he may take as a notice of motion because he may not be able to answer it now. I should like to know how much money has been paid by the federal treasury to burnt-out drought areas in any part of Canada during the past twenty years. The reason I ask this question is that I am told it is nonsense, that we cannot pay for flood relief.

PRICES

INQUIRY AS TO PRESENTATION OF REPORT OF SPECIAL COMMITTEE

On the orders of the day:

Mr. DONALD M. FLEMING (Eglinton): I should like to direct a question to the Minister of National Health and Welfare in his capacity as chairman of the special committee on prices. When does the minister propose to table in the house the report which was adopted by the committee in the early hours of this morning by a majority vote of Liberals and C.C.F. as against the contrary votes of the other members of the committee? My second question is, will the report as tabled contain the recommendations which the majority of the committee purported to adopt in excess of the powers granted the committee by the house? The report was steamrollered through the committee last night, and it is a monstrosity.

Hon. PAUL MARTIN (Minister of National Health and Welfare): I do not propose to deal with the last observation of the hon. gentleman, but I hope to be able to table the report some time today, subject to circumstances over which at the moment I have no control.

OLEOMARGARINE

QUESTION OF REFERENCE TO SUPREME COURT OF CANADA

On the orders of the day:

Mr. JAMES SINCLAIR (Vancouver North): I should like to ask the Minister of Justice a question which was asked earlier this month by the hon. member for Broadview (Mr. Church) and the senator from Waterloo. Has the government yet decided to accede to the unanimous resolution of the senate asking that the validity of the present ban on the manufacture and sale of margarine in Canada be made the subject of a reference to the Supreme Court of Canada?

Mr. CRUICKSHANK: When the farmers are flooded out.

Right Hon. J. L. ILSLEY (Minister of Justice): No, the government has not had an opportunity, with the intense pressure of the work of the session at this time, to give consideration to this question.

IMPORT PERMITS

MACHINERY AND EQUIPMENT FOR USE IN ESSENTIAL INDUSTRIES

On the orders of the day:

Mr. RODNEY YOUNG (Vancouver Centre): Will the Minister of Trade and Commerce inform the house as to the facility and speed with which permits will be granted for machinery and equipment imported from the United States for use in the fishing, logging, construction, mining and sawmill industries?

Right Hon. C. D. HOWE (Minister of Trade and Commerce): As is well known, the policy established for the issuance of import permits under the terms of the Emergency Exchange Conservation Act provides that such permits will be issued for the importation of equipment required for essential industries, provided that such equipment is not available from Canadian sources. As the fishing, logging, construction, mining and sawmill industries are considered essential to the economic welfare of Canada, import permits will not be withheld for equipment to be used by those industries, provided that alternative equipment cannot be obtained from Canadian manufacturers. Such permits as are requested will be issued immediately, provided that the proper information as to the end use and the non-availability of suitable alternative equipment from Canadian manufacturers is supplied at the time the permit is requested.

LABOUR CONDITIONS

INQUIRY AS TO NEGOTIATIONS IN SEAMEN'S STRIKE

On the orders of the day:

Mr. ANGUS MacINNIS (Vancouver East): Press reports this morning indicate that the efforts of the Minister of Labour to open negotiations in the steamship companies' seamen's strike have fallen through. Is the minister going to make any other effort to bring the two parties together?

Hon. HUMPHREY MITCHELL (Minister of Labour): Mr. Speaker, I expected that the question would be asked this morning. I think I had better read the letter which I sent to Mr. Buckley with reference to the telegram he gave to the press yesterday. My letter states:

> I have your telegram of June 24 and I have copy of the telegram you sent Mr. Matthewson.
>
> There are two phases of the situation which might be mentioned:
>
> The first is that a report which I quote hereunder has reached me and I am sure I do not need to make any comments. These events would have an effect, of course.
>
> Welland—"Sixteen men were moving toward Port Colborne to man the ship *John T. Burke* tied up at Welland South dock. They were in a panel truck. Near Chambers corners the truck was stopped by a group of men travelling in a lorry, painted red. This group of men attacked the crew, beating them up unmercifully, with the result that five are now in hospital, five are missing and six are suffering from minor injuries.
>
> The Ontario provincial police later impounded a Red-army-style lorry and detained ten men travelling in it."
>
> Montreal—"Last night in Montreal harbour the crew of the S.S. *Mont Sandra* went aboard the S.S. *Kinmount,* which was tied up at No. 3 grain elevator.
>
> They were armed with axes and smashed various parts of the ship's furniture and equipment. They attacked the crew of the *Kinmount,* injuring four of the men to the extent they had to go to the hospital, and threw the galley stove overboard."

The other phase of the situation which I call to your attention is the fact that conversations between the negotiating committee and Mr. Matthewson were to be exploratory. I made this quite clear to you in our discussions. In your wire to Mr. Matthewson I think the difficulty is that you were too definite.

We are continuing our efforts.

Mr. CHURCH: What is the intention of the government in connection with such occurrences as these? It is the duty of the government to try to bring the parties together. This has now reached the proportions of a national emergency. There is $10,000,000 in the estimates to pacify Europe; why not try to pacify those at home and bring the two sides together and settle matters?

Mr. FERGUSON: Mr. Speaker, when is the government going to do something about unions taking the law into their own hands and carrying on in the manner in which they do? There is utter disregard of the laws of this country. I would ask the Minister of Justice how much longer we are to tolerate a handful of men deliberately breaking the law, and owners of property trying to carry on without proper police protection.

Mr. SPEAKER: Order.

Mr. FERGUSON: How much longer are men going to be able to attack other people's property with crowbars and axes, without the government stepping in and stopping that kind of nonsense?

Mr. MacINNIS: I should like to direct a supplementary question—

Some hon. MEMBERS: Answer.

Right Hon. J. L. ILSLEY (Minister of Justice): Mr. Speaker, it is not always possible, I presume, for the authorities to preserve complete order in a country. But in this instance, as I have repeatedly said, the responsibility is that of the provincial authorities rather than the dominion authorities, for the preservation of law and order is within their territorial jurisdiction. The dominion has jurisdiction along the lines and in accordance with the principles I have stated to the house on several occasions.

Mr. FERGUSON: Is it not the duty of the dominion government when piracy occurs to take immediate steps? That is not a provincial matter—it is piracy on the high seas, and that is a matter coming under the jurisdiction of the dominion government.

Mr. MacINNIS: Mr. Speaker, in connection with the question of the violation of law, which has been raised by the Minister of Labour, is not the root of the dispute the fact that the companies have violated the labour code as set out in P.C. 1003? When the minister is answering this question, will he say whether the lake seamen's union has been certified by the labour relations board, and if any agreement between the companies and the lake seamen's union has been registered with the board?

Mr. MITCHELL: The question who is breaking the law is before the courts; therefore from my point of view the matter is *sub judice*. Groups of people outside can say all they like about the courts, and they are doing that in some parts of the country. People who ought to know better are doing it. But I cannot express an opinion upon it.

I would say this to my hon. friend—and I think what I say covers the whole field—that it is a difficult situation, as he well knows. I am sorry for both sides to the dispute, although I believe there is a measure of blame on both sides. But there is no use in the labour department, my officials and myself, doing our utmost to settle a dispute of this kind if other parties concerned are going to try to negotiate an agreement through the newspapers. That makes it doubly difficult.

I thought last week, if I may say so at this time, that we had reached a point where the parties concerned would sit down together in the cities of Toronto and Montreal. But circumstances over which I had no control prevented that from happening. I place no blame at the present time. But I do believe this, that you can conduct a strike without this kind of thing about which I have told Mr. Buckley. I do not believe that kind of action helps the Department of Labour, nor does it help the good people on either side of the dispute in the efforts made to bring it to a conclusion.

I hold no brief for the employers in this dispute, but when they are ready to sit down with these people and then get news of that kind—well, I do not know how you can expect any sensible individual to bring the dispute to a successful conclusion.

I do know this, that a good many people who express their views in some of the newspapers of this province think they have the answers to all these questions. They are the people who write the editorial, and who never settled anything in their lives. If they have the answers, I wish they would come forward with them and I will give them good jobs in my department.

RADIO BROADCASTING

REGULATIONS WITH RESPECT TO POLITICAL BROADCASTS

On the orders of the day:

Mr. JAMES SINCLAIR (Vancouver North): Mr. Speaker, I should like to ask a question of the Minister of National Revenue. Has the Canadian Broadcasting Corporation a regulation which bans political broadcasts for forty-eight hours before election day, and up until the closing of the polls on election day; and is that regulation still in force?

Hon. J. J. McCANN (Minister of National Revenue): It is still in force.

Mr. SINCLAIR: Then I should like to ask two supplementary questions. If it is still in force, why did the C.B.C. last night not only permit but give fifteen minutes free time to Mr. M. J. Coldwell to broadcast from Regina for political purposes over a period of an hour and a quarter before the polls closed in Saskatchewan? My second question is: Why, two weeks ago, did the C.B.C. permit a private station in Vancouver Centre to carry, on the evening of June 6, a transcription to a forceful speech by the hon. member for Nanaimo (Mr. Pearkes), which was not intended to improve the vote of the government candidate two days later in the by-election on June 8?

Mr. McCANN: I am unable to give the answers at the present time to the hon. member's questions. However, the estimates of the C.B.C. will probably be up today or tomorrow, and the hon. member will then have an opportunity to ask his questions. I am sure, with the officials here at that time, I shall be able to answer him.

TELEGRAPHS AND TELEPHONES

TRANSFER OF CONTROL AND SUPERVISION

On the orders of the day:

Mr. J. T. RICHARD (Ottawa East): Mr. Speaker, I should like to ask a question of the Minister of Finance in connection with the telephone-telegraph service. What section of the telephone and telegraph services has been taken over by the Department of Finance from the Department of Public Works? Will the employees of the Department of Public Works now engaged in this work be transferred to the Department of Finance on the same conditions of employment and salary? Has the department entered into any negotiations with the Bell Telephone Company of Canada Limited?

[Mr. Mitchell.]

Mr. SPEAKER: Order. I suggest that the hon. member put his question to the minister when the committee is considering the estimates.

Mr. RICHARD (Ottawa East): We will never get an answer otherwise.

Hon. DOUGLAS ABBOTT (Minister of Finance): I shall see that an answer is obtained.

YUGOSLAVIA

ALLEGED DISTRIBUTION OF PROPAGANDA BY LEGATION AT OTTAWA

Mr. JULIAN H. FERGUSON (Simcoe North): Mr. Speaker, I should like to ask a question of the Minister of Justice. How much longer is the distribution throughout Canada by the Yugoslav government of insidious, poisonous, lying propaganda to be permitted—propaganda such as we have been receiving through the mails from the Yugoslav legation? How soon is democracy going to take the necessary action to nip this poisonous weed in the bud? How much longer are we to have to put up with it?

Right Hon. J. L. ILSLEY (Minister of Justice): I will look into the matter about which the hon. gentleman has questioned me. His question has been in such a form that I think possibly the hon. member does not expect an answer.

INCOME WAR TAX ACT

CONCURRENCE IN SENATE AMENDMENTS

Hon. DOUGLAS ABBOTT (Minister of Finance) moved the second reading of and concurrence in amendments made by the senate to Bill No. 330, to amend the Income War Tax Act.

Mr. MACDONNELL (Muskoka-Ontario): We cannot hear what is going on, and as far as I am aware no one knows what the amendments are.

Mr. ABBOTT: The amendment is to give effect to an amendment which I agreed to in the banking and commerce committee of this house, namely, to make the rate of interest on tax arrears thirty days after assessment seven per cent, not eight per cent. The amendment was made at my request.

Motion agreed to; amendments read the second time and concurred in.

INCOME TAX

CANADA-NEW ZEALAND INCOME TAX AGREEMENT ACT, 1948

Hon. J. J. McCANN (Minister of National Revenue) moved the second reading of Bill No. 395, respecting an income tax agreement between Canada and New Zealand, signed at Ottawa, in Canada, on the twelfth day of March, 1948.

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

On section 1—Short title.

Mr. McCANN: The full text of the agreement as signed at Ottawa on the 12th of March, 1948, by the Hon. D. C. Abbott, Minister of Finance for Canada, and the Hon. Walter Nash, Minister of Finance for New Zealand, is set out in the schedule to the bill.

The purpose of the agreement is to avoid, where possible, the double imposition of income and similar taxes where Canadians are carrying on business in New Zealand or otherwise receiving income from New Zealand sources, and where New Zealanders are carrying on business in Canada or otherwise receiving income from Canadian sources, and it also provides that the taxation authorities of the two countries may exchange information which may be necessary to make the agreement effective and to prevent fraud and avoidance of taxes which are subject to the agreement.

The purpose of the bill is to give the agreement the force of law in Canada, and it provides that in the case of inconsistency between the agreement and the operation of any other law, the agreement will prevail to the extent of such inconsistency. The Minister of National Revenue is given the authority to make orders and regulations to carry out the provisions of the agreement, which orders and regulations shall be published in the *Canada Gazette* and laid before parliament.

The agreement is based on the principles established in the preceding income tax agreements which Canada has made with the United States and the United Kingdom. Double taxation is avoided by a reciprocal system of tax exemptions and tax credits.

Mr. MACDONNELL (Muskoka-Ontario): Do I understand correctly that this bill follows closely or exactly the precedent set up in connection with the United Kingdom and United States?

Mr. McCANN: That is right.

Mr. MACDONNELL (Muskoka-Ontario): There are no special circumstances which would affect the situation. I should like to get an idea of the amount and the number of people involved.

Mr. McCANN: I do not think we have any figures of the amounts likely to be involved. After it has been in operation for a year, one might be in a better position to answer that question. The terms of this agreement, as outlined in the schedule, are almost identical with the terms of the agreements with the United Kingdom and the United States.

Mr. MACDONNELL (Muskoka-Ontario): Have any representations been received from Canadian firms or individuals in New Zealand who are actually concerned?

Mr. McCANN: The representations made to Canada were made by the New Zealand government.

Section agreed to.

Sections 2, 3 and 4 agreed to.

Bill reported, read the third time and passed.

EMERGENCY EXCHANGE CONSERVATION

AMENDMENT OF SCHEDULES TO ACT OF 1947-48

Hon. DOUGLAS ABBOTT (Minister of Finance) moved the second reading of Bill No. 397, to amend the Emergency Exchange Conservation Act.

He said: This bill proposes a number of changes in the list of items subject to import control under the Emergency Exchange Conservation Act. Before explaining the nature and purpose of these changes, I wish to review briefly the results that have been achieved to date under the program of exchange conservation, and to indicate certain measures of relaxation that may be possible if our reserve position continues to improve at a satisfactory rate over the next few months.

The house will recall that before the introduction of the exchange conservation measures on November 17 of last year, our exchange

reserves, that is to say, our official holdings of gold and United States dollars, were declining at an alarming rate. The figures are familiar enough, and I shall not repeat them on this occasion. It is sufficient for my purpose to recall that during the period from the beginning of 1947 until the middle of November the rate of decline was about $70 million per month, a rate which, if it had continued unchecked, would have exhausted our then remaining reserves of approximately $500 million within a short period—indeed probably before today we would have been completely out of gold and United States dollars.

Drastic action had to be taken, and was taken. The comprehensive program which was developed has been in operation for only about seven months, and indeed, some parts of one aspect of the program, the restriction of capital goods imports, have only recently been put into effect. Nevertheless I am pleased to be able to report that the program is working —working indeed more satisfactorily than I myself had dared to hope. As I shall explain in greater detail in a moment, we have reduced our imports of goods from hard currency areas; we have reduced our travel expenditures in such areas; we have obtained an increasing proportion of our needed supplies from other sources, and we have had a very encouraging increase in our exports to the dollar area as well as to the world as a whole. As a result of these changes in the trend of our trade in goods and services, not only have we stopped the rapid decline in our exchange reserves, but we have reversed the trend and have had an encouraging improvement in our reserve position.

As I have said, our exchange reserves amounted to approximately $500 million when the program was put into effect. They dropped to $461 million on December 17. Knowing the experience of some other countries with somewhat similar programs, we had expected that these reserves would show a further substantial drop before the declining trend could be got under control. That figure for December 17, however, proved to be the low point, and since that time there has been a fairly steady upward trend, wholly apart from the increase in our holdings of United States dollars due to the drawings upon the Export-Import bank loan. On June 23 last, the date of the latest report I have received, they amounted to slightly over $742 million. This total includes $140 million obtained by drawing upon the Export-Import bank loan. If we deduct the amount of these borrowed funds, we have a balance remaining of $602 million,

[Mr. Abbott.]

representing the result of the working of ordinary economic forces.

I think it will be agreed that the increase thus indicated from the low point of $461 million at December 17 is a gratifying one. It is true, of course, as I indicated in the budget speech, that during the period in question there were one or two items of a special or non-recurring character. These accounted for an increase in our reserves of the order of $60 million. But there were also during the same period offsetting items on the other side, including advances of $112 million to the United Kingdom under the 1946 loan and of about $74 million to other countries under various export credits. As the house knows, drawings on the loan to the United Kingdom have been suspended since mid-April, and the further amount to be drawn by other countries under various export credits will be small; some of these credits have already lapsed, and all will have terminated by the end of the year. I need not remind hon. members that if the portion of our exports so financed could have been sold for cash rather than for credit, there would have been a further increase in our cash reserves of $186 million during the seven months in question. We hope to play a further part in promoting world recovery, within the limits of our reasonable capacity, but we cannot continue to do so on the scale of the recent past, and thanks to the assistance which western Europe will now secure from the European recovery program approved by the United States Congress, that should no longer be necessary.

While I have expressed a large measure of satisfaction, and indeed of gratification, with the results up to date of the exchange conservation program, I wish to emphasize that we cannot as yet afford to be complacent. We have still a considerable distance to go before we can regard our holdings of gold and United States dollars as satisfactory. We must continue to increase those holdings to the point where they will be adequate to meet the drains which will undoubtedly occur from time to time—whether due to internal boom and consequent high imports, or to internal misfortune such as a crop failure and consequent low exports, or to the financial difficulties of some of our best customers, or to worldwide economic fluctuations. But while we must face realistically the task still ahead of us, we have reason to be proud of the progress already made.

Each part of the exchange conservation program has contributed to the improvement in our exchange reserves which I have described. I am informed that the limitation

on travel funds has effected very substantial savings of United States dollars, and I wish to pay tribute to the way in which Canadians have accepted this very necessary but nevertheless vexatious restriction on their freedom of movement across the border. I am also gratified by the friendly attitude of our American neighbours who might well have misunderstood our motives, but who are, in fact, visiting this country in great numbers—considerably larger numbers, I believe, than last year.

A few days ago figures were released to the public, showing the effects upon imports of the restrictions imposed upon items included in schedules I and II of the Emergency Exchange Conservation Act during the first quarter of 1948. The figures for April are now available, and with the permission of the house I would like to place on *Hansard* figures for the first four months of the year so that they will be available in convenient form to hon. members.

IMPORTS UNDER SCHEDULE 1—PROHIBITED LIST
(in thousands of dollars)

—	January–April 1947			January–April 1948		
	Scheduled Countries	Non-Scheduled Countries	Total	Scheduled Countries	Non-Scheduled Countries	Total
Food and Tobacco						
Meats, poultry and eggs	1,336	1	1,337	24	90	114
Tea (indirect imports)	833	–	833	–	–	–
Grains and cereal foods	1,055	18	1,073	372	1	373
Cut flowers	163	2	165	1	–	1
Fresh fruits and vegetables	6,294	2,264	8,558	2,014	392	2,406
Canned vegetables	473	*	473	176	12	188
Shell fish	233	7	240	1	1	2
All other foods and tobacco	1,320	127	1,447	273	30	303
Total foods and tobacco	11,707	2,419	14,126	2,861	526	3,387
Paper Products						
Complete items	1,853	57	1,910	677	33	710
Partial items	6,241	75	6,316	4,815	179	4,994
Total paper products	8,094	132	8,226	5,492	212	5,704
Perfumery and toilet preparations	118	47	165	10	8	18
Paints and varnishes	691	17	708	309	15	324
Glassware	212	20	232	13	4	17
Household hollowware	450	62	512	59	6	65
Refrigerators	1,674	*	1,674	121	–	121
Washing machines	1,216	–	1,216	85	–	85
Plumbing fixtures	611	3	614	42	1	43
Boats, pleasure	150	1	151	9	1	10
Heating and cooking equipment	2,811	55	2,866	139	29	168
Electric lamps	233	–	233	12	*	12
Lumber	3,401	433	3,834	1,353	194	1,547
Sundry wood products	286	74	360	57	7	64
Furniture	2,040	123	2,163	312	75	387
Pianos	114	2	116	1	1	2
Phonographs, coin-operated	185	–	185	44	–	44
Furs, dressed and manufactured	1,017	114	1,131	26	94	120
Ornaments, jewelry, precious stones	1,283	473	1,756	161	127	288
Fountain pens and pencils	249	*	249	34	*	34
Synthetic casings	398	–	398	429	–	429
Tourist purchases	2,788	*	2,788	92	*	92
All other complete items	1,250	71	1,321	362	26	388
All other partial items	16,793	557	17,350	14,393	788	15,181
Grand Total	57,771	4,603	62,374	26,416	2,114	28,530
Total—Partial items	23,034	632	23,666	19,208	967	20,175
Total—Complete items	34,737	3,971	38,708	7,208	1,147	8,355

IMPORTS UNDER SCHEDULE II (QUOTA LIST)
(in thousands of dollars)

—	Category 1 Fruits and vegetables	Category 2 Textiles	Category 3 Leather	Category 4 Miscellaneous	Category 5 Prepared foods	Totals
Imports from: Scheduled Countries:						
January–April 1947	11,201	62,018	3,768	7,603	2,290	86,880
January–April 1948	6,542	19,964	1,987	3,346	408	32,247
Imports from: Non-Scheduled Countries:						
January–April 1947	188	19,150	2,380	1,866	454	24,038
January–April 1948	1,172	29,409	2,280	1,483	1,374	35,718

NOTE: The above tables compare imports of goods covered by Schedules I and II of the Emergency Exchange Conservation Act during the first four months of 1948 with the corresponding statistics for 1947. It will be noted that some imports continue to be shown under the prohibited list of Schedule I during the first four months of 1948. This arises out of the fact that not all of the commodities included in the statistical classification under which imports are classified were covered by the prohibitions. Also in certain instances permits were granted to deal with cases of exceptional hardship, as provided in the Act.

The figures in these tables show that imports from scheduled countries, that is, the United States and certain other dollar countries, under schedules I and II were $86 million less during the first four months of 1948 than during the corresponding period of 1947. Goods which were prohibited under schedule I accounted for $31,000,000 of the decrease, and those placed under quota by schedule II for the remaining $55,000,000. The average monthly decrease in imports from these scheduled countries was thus $20·5 million in the first four months of this year as compared with the first four months of last year.

Turning to imports from non-scheduled countries, that is, countries which might roughly be termed non-dollar countries or countries which are also short of dollar exchange, the results are equally satisfactory, though for a different reason. As hon. members know, the government adopted a policy of non-discrimination in its import restrictions as being the best policy from Canada's long-term point of view as a trading nation. In applying that policy an attempt was made, however, to place as few restrictions as possible on trade with non-scheduled countries. The results for the first four months show that imports from soft currency countries of goods listed in schedules I and II of the act were 32 per cent higher in the first four months of 1948 than in the first four months of 1947. British trade has been affected scarcely at all by the prohibitions under schedule I, and it has already begun to benefit considerably from the operation of quotas under schedule II.

My colleague the Minister of Trade and Commerce (Mr. Howe) gave to the house a detailed survey of the results of operations under schedule III of the act, which comes under his jurisdiction, and there is therefore no need for me to repeat the information he gave. However, I do think it worthy of comment that during the past seven months it has been possible for us to continue to import the capital goods and materials required to enable us to carry on the expansion of our industrial capacity which has been under way since the conclusion of hostilities. As my colleague emphasized, the program is designed not merely to save dollars in the short run, but also to help us to solve our long-run problem of achieving a better balance in our trading relationship with the dollar area.

As the government has endeavoured to make clear on a number of occasions, our approach to the dollar problem is essentially a positive approach. We introduced restrictions with the greatest reluctance, and only because they were vitally necessary to stem the decline in our reserves. In any event, as I have already outlined, they have had the desired results. But

the government is much more gratified by the increase that has taken place in our earnings from exports. In each month since the turn of the year the value of our commodity exports to the United States has exceeded that for the corresponding month of 1947 by a substantial amount, the increase for the whole period from January 1 to May 31 being $136 million, or approximately 34 per cent. Making the same comparison for exports to all countries, the increase is $111 million, or 10½ per cent.

The future is a matter of uncertainty, and I would be the last to indulge in gratuitous prophecy. But I do think that the results achieved during the past seven months, on both the negative and positive sides of the program, are such that I should indicate at this time that, if serious setbacks do not occur in the meantime, the government plans to relax the restrictions on the imports of certain goods that are habitually consumed by Canadians and are looked upon as highly desirable, if not altogether essential.

In particular, the government believes that it will be possible towards the end of 1948 to take certain of the commonly consumed fresh fruits and vegetables off the prohibited list and put them under quota so as to permit Canadian consumers to obtain a reasonable quantity of this fresh produce when domestic supplies are beginning to become relatively scarce.

This indication of policy is in line with the statement which I gave in reply to a question of the hon. member for Fraser Valley, which appears on page 1431 of *Hansard* for February 20, 1948. At that time I said:

> As I now see the situation and as I now view the prospects of our exchange position I think it is highly improbable that a complete removal of these restrictions with respect to fresh fruits and vegetables will occur much before the end of this calendar year, and it may be that some degree of restriction will continue into the early part of 1949. As far as possible it would be the government's intention not to remove or relax these import controls at a time when that action would have serious or disastrous effects on the marketing of Canadian produce. But I cannot bind the government to any unconditional guarantee that no produce grown in Canada in 1948 will have to face any competition from imported goods. As I said nearly three months ago, the government intends to relax restrictions on basic or essential items such as cabbages, carrots, potatoes, and onions when it becomes clear that Canadian supplies are nearing exhaustion.

As hon. members know, the government has already permitted limited importation from time to time of certain fresh vegetables, such as cabbages, carrots, potatoes and onions.

Furthermore, the government is hopeful that importations of citrus fruits which are now under quota will continue to be available in at least as large quantities as up to now and if possible that the quotas will be enlarged.

Meanwhile, steps will be taken to authorize the resumption next winter of imports of British West Indies tomatoes, which for a number of years, since the application of a high tariff against them by the United States, have been grown especially for the Canadian market. These imports will be subject to quota limitations related to imports from that area in recent years.

Summing up the situation in so far as fresh fruits and vegetables are concerned, I expect that next winter, while we may have to continue restricting the importation of the less commonly used and more expensive items, it will be possible to have available not only adequate supplies of citrus fruits but also reasonable supplies of such staple vegetables of widespread consumption as lettuce, celery and tomatoes at a time when Canadian supplies are not available.

I now turn to the contents of the bill that is before the house. The amendments to schedules I and II are few in number and simple in character. The amendments to schedule III are more extensive, but they are in large part merely consequential upon changes in tariff wordings which were made in the budget in order to provide for reduced rates of duty on various imported materials and components required by Canadian industries. They will be dealt with by my colleague, the Minister of Trade and Commerce.

I wish to summarize briefly the proposed changes in schedules I and II, for which I am responsible. These changes will be brought provisionally into force as of tomorrow. The Minister of Trade and Commerce will deal with schedule III later.

Schedule I. Three of the seven changes which it is proposed to make in schedule I are merely clarifications; two broaden existing provisions to cover goods which may be imported in substitution for other goods which are already prohibited, and two involve the addition of completely new items. The combined effect of these changes is expected to be a substantial additional saving of foreign exchange and more equitable treatment as between competitive or partially competitive products. The substance of the various amendments is as follows:

(a) The explanatory note at the head of schedule I is expanded in order to make it clear that no description in the prohibited

list shall be deemed to include any goods classified under a tariff item listed in schedule II.

(b) A new item is inserted to cover acoustical wallboards, pads and tile of any material. Acoustical wallboard of wood fibre was already covered, but similar or competitive products made of asbestos or gypsum were not.

(c) The gummed paper item is reworded to make it clear that it applies to printed as well as to unprinted gummed paper.

(d) A new item is inserted to cover synthetic resin soft sheets or strips, and manufactures thereof. It includes such products as plastic shower curtains, aprons, tablecloths, et cetera, and the pliable sheeting from which they are made. It does not include the hard plastic materials which are used extensively for structural and industrial purposes. Nor does it apply to any articles included in schedule II. They will remain subject to quota without change.

(e) The item covering mirrors is expanded to include mirrors of glass coated with any material. Formerly it applied only to silvered glass.

(f) A new item is inserted to cover asphalt tile.

(g) A provision which is no longer necessary, by reason of the addition of the proviso to the note at the beginning of the schedule, is repealed.

Schedule III. Three items are inserted in category 4 of schedule II. They cover vacuum cleaners, motorcycles, bicycles and tricycles.

Bicycles and tricycles are a new addition to the schedule which appears desirable in view of a sharp increase in imports from scheduled countries. Vacuum cleaners and motorcycles are being transferred from schedule III to schedule II, and imports from scheduled countries will be subject to quota. Production parts will remain subject to control under schedule III.

While the effect of the bill is to impose some further restrictions on imports, the new items do not differ in character from the items already included in the Emergency Exchange Conservation Act. They are designed to effect savings in dollar exchange where least harm will be done to the economy as a whole and to leave greater resources available for the importation of the more essential items.

Mr. HARRIS (Danforth): The minister mentioned motorcycles and bicycles. Would his statement in that regard apply in equal measure to the parts that go to make up a motorcycle or a bicycle, such as the saddle?

Mr. ABBOTT: Those are under schedule III, production parts. Schedule II, which is the quota schedule, would affect only the entire machine and not the parts. I suggest that we could handle those questions better in committee.

Mr. HARRIS (Danforth): May I ask a supplementary question?

Mr. SPEAKER: Order. I suggest that the hon. member wait until the house is in committee.

Mr. J. M. MACDONNELL (Muskoka-Ontario): Mr. Speaker, I have a few brief comments to make on what the minister has said. I should perhaps have been more impressed by the minister's statement if it had been shorter. I was rather reminded of the remark, "Methinks the lady doth protest too much". The minister was at pains to point out that everything was lovely, but I was not sure, as he read the statement, that everything was in fact quite as satisfactory as he suggested. However, some progress has been made, and we should be unaffectedly glad. I confess further that when the minister says that everything is good, or pretty good, and in the next breath tells us that he has had to draw down $140 million of the $300 million, I have a sense of disturbance and the feeling that all is not so well.

We must remember that by the unwise policy pursued until November of last year the government precipitated a perfect spate of buying so that there was bound to be something of a reaction. We need not therefore take too much comfort from the improved figures; nevertheless, to the extent that there is an improvement, we should take what comfort we can.

I would remind the house that notwithstanding the very favourable picture the minister has attempted to give us, we have had to draw in our horns a bit with regard to the credits we were hoping to make, and to take the view that our position does not warrant our doing just what we had hoped to do, and that to me is also regrettable.

The minister explained how the various measures had worked effectively, but I do not find any attempt made to give any figure to show the effectiveness of the blessed 25 per cent austerity tax. It may be that the suggestion of the report that has been freely circulated, though I understand without warrant, may be realized a little later than

the month of December, as the minister now tells us. I understand there are gentlemen sitting to your right, Mr. Speaker, who would like to question the December date and bring it as close to us as June.

There is one thing I should like to mention. I think it is an interesting commentary on the pleasing picture which the minister has sought to give us that we shall be asked in a few minutes to consider another bill, to amend the Foreign Exchange Control Act. In that we seem to be pursuing still further the inquisition into—one might almost say the persecution of—our citizens.

Mr. ABBOTT: The inquisition of smugglers.

Mr. MACDONNELL (Muskoka-Ontario): We shall deal with that when we come to it. At the moment, however, it shows that the government is scraping the barrel as much as it can to get dollars, and to the extent that it is doing so properly, in the circumstances it has created, that of course is the only thing left for it to do.

Right Hon. C. D. HOWE (Minister of Trade and Commerce): Perhaps I might supplement the remarks of my hon. friend by a description of the bill as it applies to amendments to part III of the act.

Category III provides for some further amendments in wording in order to conform with the revised Customs Act and for bringing radio repair parts under control. Category IV similarly brings under control all radio repair parts not covered in III, and also all parts of electric light fixtures and electric appliances. In the past, repair parts, with the exception of automobile repair parts, have been admitted freely and without requiring a permit. It has been found very difficult, however, except in a few cases, to distinguish between imports of repair parts and imports of similar parts for production purposes. In these circumstances it appears fairer all round to put imports of all parts under control and on a quota basis.

Category V covers amendments which, I believe, will provide for better administration. In the four tariff item numbers affected, it is proposed to delete that part of the wording which provides that permits will not be necessary for importations which do not exceed a certain value. Experience has shown that a more specific definition is required to cover such exclusions, and it is proposed, subject to this amendment being approved, that a type of general permit will be provided under each of the tariff items noted, to allow for what might be termed "casual importations," to values not exceeding the values now stated in the act, which are made by an importer for his own use and which are not intended for resale.

It will be noted that minor changes are proposed to the wording and punctuation of certain of the items. These changes become necessary to define the meaning of the items included in the act and are in accordance with the accepted wording of the customs tariff.

Category VI brings fibre glass and glass wool and a number of industrial chemicals into schedule III. Fibre glass imports were originally prohibited, but the prohibition was removed by order in council when it was established that imports were essential for insulation in various appliances such as refrigerators and stoves. Imports have increased substantially from $938,000 in 1947 to current annual rate of $1,400,000. It now appears that the imported fibre glass is being used for a number of general insulation purposes which could be quite satisfactorily served by Canadian products. By including fibre glass in schedule III it will be possible to restrict imports to those essential for technical reasons for certain specialized insulation requirements.

Imports of the industrial chemicals which it is now proposed to include in schedule III totalled something over seven and a half million dollars in 1947. It is believed that it is now possible, as a result of improvements in the domestic supply position, to save some appreciable amount of exchange on these items.

Perhaps this is an opportune time to make a few observations on the general development and progress of our capital goods import control—the administration of schedule III. On June 10 last I gave a detailed review of the statistical results of our controls to date, and a description of our organizational approach and procedure. I need not reiterate the details of what I said before, but I should review briefly the record of the administration of schedule III up to the present.

To begin with, it must be appreciated that the problems in administering schedule III are very different from those of schedules I and II. The administration of all the schedules is directed to the same objective, of course—to conserving United States dollars; but from the very nature of the different commodities and situations with which they deal, the methods adopted must be different. Schedules I and II are designed primarily to cut down imports of consumer goods which we can, in a pinch, do without. Schedule III is designed primarily to control and direct imports of capital goods to the most constructive purposes and best national advantage from an exchange point of view.

The dollar value of imports from the United States of goods enumerated in schedule III was held at $187 million in the first four months of

1948. This represents a reduction, although not a large reduction, from the levels reached by these same imports in 1947. The larger part of the savings so far is accounted for by automotive vehicles and parts, where my original estimate of a $75 million saving in 1948 is well on the way to being realized. Other items have been brought under control from time to time, many of them at very recent dates; so that the full effect of the program is not yet apparent in the import statistics. With a new list of items announced to take effect on June 26, eighty-nine per cent of the original schedule III items have been brought under control, and these accounted for ninety-six per cent of all the imports in schedule III in 1947.

Three different methods have been followed in the detailed administration of the schedule III items. These procedures have been developed as being appropriate in each case to meet the needs of the problems which were encountered. Dollar allotments are issued to manufacturers who are importers of parts for production use enumerated in schedule III. These vary a good deal from one industry to another, but they follow the general lines of the formula established in the automobile industry, which latter has been published in detail. Up to the present, about 1,200 of these dollar allotments have been issued.

In cases not subject to dollar allotments, import permits are issued on an individual basis to cover the particular shipment concerned. Up to the end of May, $21·5 million of import authorizations were granted in this way. The third method of control is project approvals, which cover all imports necessary for a particular construction project or industrial plant. These project approvals are, in effect, an assurance to the builder concerned that individual shipment permits will be issued as they are needed.

The whole program has been developing in a very substantial and encouraging way. I gave some concrete examples in my statement on June 10. Substantial expansion is planned, and is now getting under way, in a number of important manufacturing fields affected by the import restrictions. From automobiles to automobile parts, radar to television, typewriters to washing machines, micro-motors to buses, heating pads to penicillin, venetian blinds to asbestos cement pipe, biscuits to grape juice, we have new products and new industries springing up weekly. A pattern has developed which we think is a sound economic approach to the problem of the best distribution of activity between United States parent companies and Canadian branch plants. A number of arrangements have been worked out by which the Canadian plant concentrates on a standard model for both the domestic market and for export, and the United States parent turns over the export markets for this particular model to the Canadian plant. This is, of course, a feasible proposition only if the Canadian plant can meet the United States plant costs. I am glad to say that in most of the cases we have examined it was clear that the Canadian plant, on the mass production basis which the export orders made possible, could compete advantageously with the United States plant.

There are long-run implications of this development of particular interest to us. There may have been some element of pressure in inaugurating these developments, but they have proceeded only because the companies concerned are satisfied that they are basically sound and economically advantageous. While the exchange and import restrictions are, we hope, of temporary duration, the stimulus given Canadian industry, the new markets found for Canadian products, the recognition of Canadian industrial and cost advantages, are all constructive factors which will continue.

Our natural resources development programs also have long-range objectives in view. It is not enough for us to consolidate our wartime industrial expansion, or to meet our exchange problem solely by defensive means. We must build for the future, and build on the basis of an economically sound international division of labour. It is by this method, and this method only, that we shall assure a balanced position for our foreign trade, which is of such great importance to our general economy. Consequently, I welcome the evidence that new investment in Canada is looked upon as not only sound from the point of view of supplying the domestic market, but as advantageous in supplying all world markets open to us.

An interesting development in this connection has been in the motion picture business. A group which includes all the major United States motion picture units has formed an association known as the Canadian Co-operation Project. The specific objective of this project is to make what contribution the movie industry can to a solution of our exchange problem, and more specifically to spread general information about Canada and whip up tourist interest. As an example of the efforts of this group, while there were 61 Canadian subjects in American newsreels in 1947, there have already been 64 this year. Just yesterday contracts were concluded covering some $2,000,000 to $3,000,000 of feature productions in Canada, which Canadian interests are financing on approximately a fifty-fifty basis, and from which Canada will

get a pro rata share of world earnings. A number of other commitments, chiefly for short features of tourist interest, have been made and others are being negotiated. In view of the way the American movie industry is plugging Canada, the least I can do is plug the production "Neighbour to the North" which is appearing at a local theatre. This will give an idea of the type of assistance, which cannot always be measured in dollars but which has very important dollar importance, which this industry can give.

We are accused on one side of a new protectionism, and on the other of a new socialist dictatorship. We are accused at one and the same time of not doing enough in a positive way to encourage Canadian industry and economic expansion, and of encouraging so much that we are intensifying an already highly inflationary situation. As usual, the truth lies somewhere between the two extremes.

There has been, of course, an inevitable but temporary element of protectionism in banning imports of a number of consumer goods in high demand in Canada, but at the same time steps have been taken to expand competitive production in Canada and to stimulate exports, even at the expense of some continuing shortages in the domestic market. On the other hand, these measures have not been forcibly imposed on defenceless industry by a dictatorial bureaucracy: they have been worked out with the wholehearted co-operation of responsible industry in this country by the simple expedient of putting the facts of the situation in each case squarely before the industry concerned. This means that there is nothing immediately spectacular in our positive program—no highly advertised five year government plans—but we do know that we are building firmly and practically.

If anything, we have more cause for concern over the criticism that we are attempting too much than that we are not doing enough. The magnitude of the current investment boom in Canada is almost alarming. We forecast new capital investment, in 1948, of $2·8 billion at the beginning of the year; the indications are that this will be exceeded. Fortunately we have been able to arrange for increased supplies of basic products and building materials required in this connection, and the more essential parts of the program, such as housing, and necessary industrial and utility expansion, have not been delayed. In fact, we are already reaching a stage at which the very large capital investments made both during and after the war are beginning to pay off materially in increased production. I would not minimize, however, the pressure that continues on scarce supplies—on construction labour of all kinds, on key materials such as steel, and of course, on our United States dollars and the things that must be imported from the United States.

There is a fundamental point I would like to emphasize. Our exchange problem and the measures we have taken to meet it arise directly from the terrible destruction of the last war. I refer not only to the human and material destruction, but to the breakdown of the former international exchange and trade systems and to the loss of free government institutions in some parts of the world. At the same time we have on this continent, and in this country, employment, production, income, and, in general, prosperity and standards of living higher than ever before.

I am sure that most Canadians do not appreciate the tremendous strides Canada has made in the world scene in the last decade. We are today the third trading nation in the world, by quite a wide margin. Our wartime industrial development was no flash in the pan; we have gone on since the war, converted and expanded, and our industrial efficiency and output today compare favourably with that of any other country in the world. I could reel off a list of first in every field, from housing construction and family allowances to power developments and paper production, that bear witness to our productivity and, I should add, to our good fortune.

We who are sitting here have been privileged to see Canada grow from economic adolescence to maturity, and to become one of the leading commercial and industrial countries of the world. It almost seems that we have profited from the war destruction and the necessary post-war rehabilitation. But I think on this our conscience can be clear. We have done more per capita to assist European recovery than has any other country. We intend to continue contributing to the extent of our resources, in co-operation with the United States, through the Marshall European recovery program. Apart from any other considerations it is obviously in our long-run interests to do what we can to restore the basis for a free world trading economy. This will require some degree of sacrifice from this country, some temporary abstinence, some restrictions on otherwise worthwhile projects. To make an effective contribution to European recovery we must develop a substantial over-all surplus of exports. To some extent we can do this by producing more. To some extent we shall have to do it by consuming less. Every export from Canada has an appreciable United States dollar-content, direct or indirect. Until there is a greater degree of multilateral trade, and

until exchange convertibility can be restored, we must maintain controls that will reduce our less essential imports from the United States, and also controls that will direct imports in the capital goods field to their most useful purpose. The latter controls are the particular responsibility of the Department of Trade and Commerce, and the best effort of that department is being directed toward administering these controls fairly and efficiently, in the best interests of Canada's financial stability.

Mr. E. D. FULTON (Kamloops): Mr. Speaker, the statements of the two ministers are indeed important and extremely interesting. Taking them together, as the hon. member for Muskoka-Ontario (Mr. Macdonnell) has said, we should not refrain from giving what credit may be due and expressing satisfaction with what progress is being made. With the hon. member, however, I do feel that if the government or the ministers wish to take credit for the way in which this program is working, we should be careful to see that they are really justified in doing so.

The figures given by both ministers, first as to the increase in our reserve of American dollars, and second as to the change in the export trade picture, are quite impressive. As has been pointed out, however, the increase in our United States dollar reserve is not so impressive when it is remembered that $140 million is the result of our drawing upon a loan.

The other comment I wish to make in that connection is that while we may be building up slightly larger supplies of United States dollars, we have not yet reached the stage where we can say with confidence that our trade situation is such as to enable us even to start looking toward the removal of these controls. If we do, our supply of United States dollars will immediately rush down the drain again. We have no more United States dollars than we had when this program was started last November, and I do not think we have seen anything which would lead us to assume that we have yet gone very far in changing the trade picture along the road to the eventual goal of being able to take off these controls. In fact, even although the Minister of Trade and Commerce (Mr. Howe) says the government has this point in mind, the industries we are building up, and the pattern of development we are undertaking, is inevitably being built up within what must be the narrow limits of controls, and of the policy which the minister has in his mind.

Instead of enabling us to take off those controls, the effect may be the very opposite,

[Mr. Howe.]

namely, to compel us to keep them on. In other words, the more we build up these things with controlled exchange, and the more we operate along those lines while not permitting it to operate along other lines, the more urgent it becomes to keep those particular lines going and, as a result, to keep the same controls. Certainly in these circumstances more pressure will be put on by the industries which have been built up under that system. They will press not to change the situation and not to expose them to the vagaries of free exchange and free competition from without our borders.

That was the danger we saw when this program was inaugurated. We are pleased that we have actually got more United States dollars than we had at that time; but we do not think that the danger has been lessened in any way. We think our Canadian economy is built up along what are in fact unsound lines, lines which will eventually compel us to keep those very controls which on all sides, when the program was begun, were admitted to be undesirable.

If we have come to the point where we can relax restrictions and contemplate imports which will cost us United States dollars, if the situation has been eased to that extent, then it seems to me that instead of doing this —or certainly as well as doing this—we can take at least more items out from under the 25 per cent excise tax, which forms the other side of the program. I believe as a matter of fact that it would be better to give that relief before giving this relaxation, or the type of relief along the lines indicated in the bill.

Where it is applied, obviously the 25 per cent tax increases the cost of living. I shall not embark upon a long dissertation upon the cost of living. I have no doubt the minister has received as many representations in the matter as he cares to receive. But he cannot deny that this cost of living increase, apart altogether from the economic side of the picture, is having a serious effect upon the outlook of the people of Canada. They are beginning to wonder whether governments care very much what happens to the cost of living.

It is important economically, certainly, and it is also important from the point of view that the people are finding it difficult to meet that rising cost. Everything that can be done should be done as soon as possible to reduce the cost. Instead of giving relief by releasing import restrictions, or certainly as well as doing that, there should be further relaxation of the 25 per cent excise tax by taking some of the items out from under that tax.

Mr. L. W. SKEY (Trinity): Mr. Speaker, what I have to say will be brief. It seems to me, however, that statements as important as those made this morning by the two ministers ought not to pass without one further comment. What I have to say has to do with what Canada is being paid for these exports about which the minister spoke when he said that United States subsidiaries here are taking over the export market for their parent companies.

If we are being paid in United States dollars, that is fine. If we are being paid in sterling credits, thus adding to Canada's sterling credit situation, that is not so good. But if we are being paid in Canadian dollars which our government has lent these other countries then we are in the position of financing exports of the subsidiaries of companies in a foreign country. Will the minister tell us exactly the currency in which we are being paid?

Mr. ABBOTT: Convertible currency for everything, except what is sent under United Kingdom credits or credits to the other western European nations. We do not deal on any other basis. It is cash.

Mr. SKEY: A cash basis, fully convertible?

Mr. ABBOTT: Yes; we cannot afford to do anything else.

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

On section 1—Schedule I amended.

Mr. MACDONNELL (Muskoka-Ontario): I was not aware when I made my observations a few moments ago that we had a double-barrelled statement this morning. Having heard them both, I feel that the firm of Abbott and Howe, in the advertising field, ought to be a great success, because it certainly did a good job in advertising the exploits of the government.

Mr. HOWE: And you spread the gloom.

Mr. ABBOTT: The achievements of the government.

Mr. MACDONNELL (Muskoka-Ontario): Achievements, real or alleged?

I do not propose to take much time of the committee, but I do wish to comment on one phrase used by the Minister of Trade and Commerce, one to which I listened with considerable interest. I refer to his statement to the effect that investments are developing at an almost alarming rate, and that the investments are chiefly investments in capital goods.

Let me say to the minister, when he speaks of alarm, that the present situation is due largely to the measures he took himself by reason of the extravagant double depreciation.

I would remind him further of what I said in the house before, that the present cost of living is due in some measure, even in substantial measure, to the fact that goods and services and labour have been taken away from commodities which sustain the life of the consumer, and put into capital goods. When the minister says he is alarmed I would remind him that the alarm is justified, and is brought about by a condition which in substantial measure he has created.

Mr. CASE: I can see nothing in the bill to determine the method employed to regulate the value of the Canadian dollar. This is a bill to amend the Emergency Exchange Conservation Act. What rule of procedure did the government employ to determine the artificial value of the Canadian dollar? In the ordinary course of events the dollar would have been at a discount of ten per cent, and had it been allowed to seek its own level it probably would have receded still further. Be that as it may—

Mr. ABBOTT: I do not want to interrupt my hon. friend, but I wonder if he would make his remarks on the next bill, which is an amendment to the Foreign Exchange Control Act. I think it would be more in order.

Mr. CASE: Would it be proper to ask what regulation is passed to determine the value of the Canadian dollar?

Mr. ABBOTT: That is done by the Minister of Finance under the provisions of the Foreign Exchange Control Act.

Mr. JAENICKE: During the course of his statement the minister said that the imports from soft currency countries were $30,000,000 in respect of goods under schedules I or II.

Mr. ABBOTT: They showed an increase of that amount over the corresponding period for last year.

Mr. JAENICKE: If I understand aright, schedule I is the prohibition schedule under which import permits would be issued by the minister in case of hardship.

Mr. ABBOTT: That is right.

Mr. JAENICKE: Outside of the tomatoes which we got from the Bahamas and Jamaica, what other permits were granted under schedule I?

Mr. ABBOTT: There are a number of items which are partly banned. The statistics are all

in the tables which I placed on *Hansard* today. The principal increases are in the quota items under schedule II.

Mr. SKEY: When the minister says "fully convertible", what does he mean?

Mr. ABBOTT: I mean in hard currency, in cash, in currency which can be converted into United States dollars, which is the currency we want. If we sell in the Argentine the exporter must get his payment either in United States dollars or in a currency such as Swiss francs, which is convertible into United States dollars. In other words, we cannot afford to sell except for hard currency, or currency which we can convert into United States dollars. It will have to be either gold or convertible exchange.

Mr. GIBSON (Comox-Alberni): This might be a good place for the minister to express his well-known sympathy toward those who require kerosene operated refrigerators. Could a small quota not be provided which would show what our intentions are? I do not think the minister fully appreciates how the people in a riding such as mine get along. We do not have many of the summer campers and luxury tourists for whom the minister is afraid to provide these kerosene operated refrigerators and thus create a loss in foreign exchange. Many people in my riding are able to get fresh vegetables not more than once a week. The hon. member for Vancouver North says that the same thing applies to his riding. No ice is available, and these people cannot go down to a corner store to buy fresh vegetables or fresh meat because the store is not usually a large enough establishment to have an alternative method of refrigeration. I think if the minister would give some thought to this he could even offer an amendment now. I would be most grateful to have it as a gesture of good intentions toward these folk.

Mr. ABBOTT: I indicated a moment ago in my statement, in rather guarded terms it is true, that I contemplated that if we continued to improve our position, we would be making a progressive relaxation. I felt that this fall we might be able to establish reasonable quotas for fresh fruits and vegetables such as lettuce, tomatoes and celery. I will say to my hon. friend that having regard to the general iindication of relaxation which I gave, I think it will be possible to give early consideration to the establishment of a quota for kerosene operated refrigerators.

Mr. HERRIDGE: I concur in the remarks of the hon. member because what he has said would apply to many people in small towns in British Columbia.

[Mr. Abbott.]

Mr. FULTON: I would point out that summer is here, and those who live in out-of-the-way places find it difficult to get along without these refrigerators. The other day I referred to the minister a case in which a man was able to get in supplies only once a week, and he needed to have some way of keeping those supplies. I am glad the minister intends to give consideration to this matter, but I hope he will be able to do something before the hot weather is at its height.

Mr. JACKMAN: The Minister of Finance said that these changes in the Emergency Exchange Conservation Act will affect substantial savings of exchange. Does he mean we shall have to go still further with the imposition of restrictive measures, which he appears to dislike and which the people of Canada abhor?

Taking the exchange reserves as of December 17, 1947, the low point, as being $461 million; then taking the present position and adjusting for pluses and minuses, I note that we are up $189 million. Eighty-six million dollars of that came through savings effected under schedules I and II. If I remember correctly, there was no great saving under schedule III, under the Minister of Trade and Commerce, because of the great expansion in manufacturing facilities. If I am wrong, he will correct me.

What I should like to find out from the combined ministers is whether of the $189,000,000 which we have added to our exchange reserves, $86,000,000 approximately has come from these restrictions and $103,000,000 from the normal trade channels *ex* no legislative restrictions whatsoever. I feel that if we have bettered our position through these restrictions only to that extent, then we are simply applying a palliative; we are not getting to the root of our troubles, and the outlook is bleak.

I would feel much better about the whole matter if I thought that our ordinary commerce position was such that we were rectifying our exchange position by natural means, and perhaps through some of the constructive means which the Minister of Trade and Commerce said would be undertaken and which are now perhaps in operation to some extent. Will the minister let me know whether my calculation is approximately correct?

Mr. ABBOTT: I should like to think that the saving was $189,000,000, but unfortunately it is $141,000,00. The difference in our reserve position as between the low point of December 17, 1947, and June 23, 1948, excluding our Export-Import bank borrowings, is $141,000,000, the difference between $602,000,000 as of the latter and $461,000,000, which was the low

point on December 17. That represents our exchange receipts from all sources, including invisibles such as the tourist trade. It is impossible to pin-point any portion of it and say that that was due to the restrictive side of the program, but the figures which I mentioned in my speech indicate an estimated saving on last year's figures as a result of the restrictive programs. What our imports would have been without the restrictive program, no one can say.

On balance the position is this: Our net reserve position has shown a moderate but steady improvement, and that has been due both to the restrictive measures which were imposed and to the positive measures in the form of increased exports to dollar areas, which have been substantial.

Mr. JACKMAN: I should like to be right on these figures. I understand that on June 23 we had $742,000,000 in reserve. I have deducted from that the $140,000,000 which came from the Export-Import bank. That leaves $602,-000,000. Then the minister mentioned that there were certain non-recurring items of $60,000,000 which we should deduct. I do not know what they were, but that makes $542,000,000.

Mr. ABBOTT: We should add the $186,-000,000 that we sold on credit if we are going to do that. My hon. friend would do better to take the net figures. The low point was $461,000,000 in December, while the figure today *ex* the import bank borrowings is $602,000,000, a difference of $141,000,000.

Mr. CASE: What part has the loan played in these plans?

Mr. ABBOTT: We have drawn $140 million upon the Export-Import bank loan. When that act was before the house it was explained that it was arranged as a measure of protection. Obviously $600 million is far too low a figure for our exchange reserves, having regard to the volume of our transactions. Even when we include the $140 million we have already drawn upon the Export-Import bank loan, the figure is still too low. We still have another $160 million in the Export-Import bank loan when we see fit to draw it.

Mr. JACKMAN: The minister led me up the wrong alley. I put the figures down as he was speaking. Naturally we deduct from the $742 million the $140 million obtained by drawing upon the Export-Import bank loan, leaving $602 million. We are agreed up to that point. Then the minister said there were certain non-recurring items which should be deducted.

Mr. ABBOTT: Not necessarily non-recurring items. In fairness I pointed out that there were special items to the amount of $186 million.

Mr. JACKMAN: I have that figure, but then the minister added, non-recurring items of $112 million.

Mr. ABBOTT: $186 million.

Mr. JACKMAN: And cash for exports, $186 million. I left that out entirely, because I did not want to bring in anything which should not properly be taken into the calculation. Exactly what are the non-recurring or special items of $60 million to be deducted, and what are the special or non-recurring items of $112 million to be added?

Mr. ABBOTT: The $60 million represents special deductions, some, I think—I have not the date here—under the non-interest-bearing loan to the United Kingdom. But the essential figures were given in my statement, and my hon. friend when he has these figures before him in *Hansard* will be able to analyse them more completely.

Our reserves in cash and United States dollars are $742 million, of which $140 million represents drawings upon the Export-Import bank. That is up from the low figure of $461 on December 17. Included in that is $150 million of special payments. I pointed out that drawings on the loan to the United Kingdom have been suspended since mid-April; various exports credits of other countries have lapsed, and if all these exports had been sold for cash our reserves would have been much larger.

Mr. JACKMAN: The minister mentioned $112 million. What did that represent?

Mr. ABBOTT: I have not my notes here; I sent them up to *Hansard*. But from memory I think the $112 million were drawings on the United Kingdom loan and the $74 million were drawings on other export credits.

Mr. JACKMAN: In regard to the $60 million which the minister mentioned as a special payment from the United Kingdom—

Mr. ABBOTT: There were two or three items; I think $34 million was from the United Kingdom.

Mr. JACKMAN: How do we get United States dollars through that transaction? I thought that the repayment of that loan was through realization on Canadian securities still held by Britishers. They sold them, and that paid off part of the loan; but how did that become United States currency unless the Britishers sold C.P.R. stock, we will say, which they held in the United States?

Mr. ABBOTT: I have not that information before me, but the arrangements included the sale of both Canadian and United States securities.

Mr. JACKMAN: The interest-free loan to the United Kingdom is being repaid partly in United States currency, is it?

Mr. ABBOTT: I can get that information for my hon. friend.

Mr. JACKMAN: I mention it as one of the reasons why we received more United States or hard currency than the British figures would indicate. I should be glad if the minister would get that information.

Mr. ABBOTT: I shall be glad to get it.

Mr. TIMMINS: I draw the minister's attention to the underlined words in section 1(a):

> Provided that where any goods described in this schedule are included in a tariff item listed in schedule II, those goods shall not be deemed to be included in this schedule but shall be deemed to be included in schedule II.

In other words there is a transfer from schedule I to schedule II. Does that just happen automatically? The explanatory note says:

> The underlined words are added to clarify the position where goods that are described in schedule I may also fall within a tariff item in schedule II. The effect of the amendment is that in such case the goods may be imported subject to quota and the import of the goods is not wholly prohibited.

Mr. ABBOTT: I am not an expert on tariff schedules, but this amendment is required to avoid ambiguity regarding certain goods described in schedule I but which also fall within a tariff item in schedule II. This proviso makes it clear that such goods are entitled to entry under quota under schedule II and are not prohibited under schedule I.

Mr. TIMMINS: The minister is just repeating the words I uttered.

Mr. ABBOTT: I think I gave a more elaborate explanation.

Mr. TIMMINS: Yes, he did use the words "certain goods". How does the public find out what these "certain goods" are, which may come in under quota and which are prohibited? The public is in a beautiful jumble about it.

Mr. ABBOTT: There are certain things which have a general description in schedule I. Take, for instance, desk sets. If they come under a tariff item listed in schedule II, schedule II prevails over schedule I. My hon. friend as a lawyer will appreciate that there may be a conflict between the two, and this proviso makes it clear that schedule II governs in case of a conflict. It is up to the importer, if he sees desk sets prohibited under schedule I, to see whether there is a tariff item in schedule II which includes a particular type of desk set which he can bring in under quota. That is the purpose of the amendment.

Section agreed to.

On section 2—Schedule II amended.

Mr. JACKMAN: In regard to goods transferred from schedule III to schedule II, are bicycles and tricycles allowed to come in under quota?

Mr. ABBOTT: Under permit, I think, at present, but under the amendment they will come in under quota.

Mr. JACKMAN: If we put a quota on bicycles and tricycles it will have the non-discriminatory provision attached to it. We do not want United States bicycles to come in here, but we should not discourage, in fact, we should encourage British bicycles to come in. I presume that if this goes through, the quota will apply against all countries equally and it may therefore endanger one of our imports from the United Kingdom.

Mr. ABBOTT: I think this will encourage, as has happened in other cases, imports from the United Kingdom, and discourage them from the United States. We have been importing bicycles heavily from the United States, but putting bicycles in category IV of the quota section will, I am informed, permit British bicycles to continue to be imported in substantial quantities but will restrict United States importations for which we have to pay in United States dollars, which we really cannot afford to do.

Mr. BRADSHAW: Does this apply to bicycle saddles as well?

Mr. ABBOTT: No, I answered that earlier. Production parts are under schedule III. This applies only to the completed article. Parts come in, as they did, under schedule III, under the permit system.

Mr. BRADSHAW: In my riding a manufacturing plant is producing chiefly bicycle saddles. There has been a decrease in its volume of sales of bicycle saddles. The plant is equipped to supply bicycle saddles for the whole dominion, but more United States funds have been spent on bicycle saddles in the first month of 1948 than in the whole year 1946. Approximately $62,000 has gone to the United States in the first four months of 1948 as compared with $78,000 for the whole of 1947. If saddles continue to be imported at the present

high rates there will be spent needlessly from $50,000 to $75,000 of United States funds. This is not in the million class, but it puts an industry in my riding out of business.

Mr. ABBOTT: I am familiar with the case, and I may say that it is not intended to put any restriction on imports of bicycle saddles under 612.

Mr. BLACKMORE: Why should there not be a restriction on American bicycle saddles?

Section stands.

Progress reported.

At one o'clock the house took recess.

The house resumed at three o'clock.

PRICES

REPORT OF SPECIAL COMMITTEE

The house having reverted to the order: Presenting reports by standing and select committees:

Hon. PAUL MARTIN (Minister of National Health and Welfare): Mr. Speaker, I have the honour to present the report of the special committee on prices, copies in English and French, together with all exhibits and the evidence.

Mr. DIEFENBAKER: Will a copy be made available to each member today?

Mr. MARTIN: Mimeographed copies are being distributed to all members as quickly as possible.

Mr. BRACKEN: I understood before I came in that the Minister of National Health and Welfare had made a statement with respect to the report of the prices committee. From what I gather, he did not indicate whether a motion would be made for concurrence. May I ask him to say now whether he proposes to have such a motion made, and if so, when?

Mr. MARTIN: It is my intention, with the consent of the house, to move concurrence tomorrow afternoon at three o'clock, in accordance with arrangements which I understand the whips are trying to make with the various political groups.

EMERGENCY EXCHANGE CONSERVATION

AMENDMENTS OF SCHEDULES TO ACT OF 1947-48

The house resumed consideration in committee of Bill No. 397, to amend the Emergency Exchange Conservation Act—Mr. Abbott—Mr. Macdonald (Brantford City) in the chair.

The CHAIRMAN: The committee is considering section 2. Shall the section carry?

Mr. BLACKMORE: Just before the luncheon recess I understood a question was raised as to why some provision had not been made for shutting out United States bicycle saddles so as to protect the bicycle saddle manufacturing industry in Canada. I am not sure whether the minister answered that.

Mr. ABBOTT: I did, but briefly. It is not proposed to put restrictions on the imports of saddles. Incidentally, under the tariff item, harness and saddlery, including bicycle saddles, are covered by 612. There is no intention of imposing prohibitions against the importation of these articles. It is only the completed machine that is placed on a quota list.

Mr. BLACKMORE: I would ask the minister to explain why that should be. Why should not an industry in Canada, which is capable of producing the needs of Canada, be protected against competition from the United States?

Mr. ABBOTT: As I have tried to indicate, this measure is not introduced for protective purposes. It is introduced in order to conserve exchange. When we impose protective devices, it is done through the tariff and not through the import restrictions. These may have an incidental protective effect, but that is not what we want. What we want is exclusion in order to conserve United States dollar resources, and there is no intention of putting on any protective devices so far as bicycle saddles are concerned.

Mr. BLACKMORE: I have some difficulty in following the minister's reasoning. I find it hard to see why a dollar of United States currency saved as the result of shutting out bicycle saddles is not as valuable as a dollar of the same currency saved by the shutting out of any other commodity from that country.

Mr. ABBOTT: In 1947 there were imported 96,778 saddles valued at $106,396. Of this, $26,187 worth came from the United Kingdom, $1,978 from the Netherlands and $78,231 from the United States.

Mr. BLACKMORE: Could not Canadian manufacturing concerns have manufactured all the saddles we needed in Canada had they been given encouragement?

Mr. ABBOTT: We are not preventing the Canadian manufacturer from manufacturing all the saddles he wants, but he has to do it in competition with manufacturers elsewhere. Protection is provided under the normal tariff, but we are not introducing these restrictions

for protective purposes. It has never been the intention to do that, and as far as I am concerned it will never be the intention.

Mr. BLACKMORE: All other restrictions we have had since December 17 were merely for the purpose of conserving United States dollars. Why would not the restriction of imports of saddles have conserved United States dollars just as well as, and certainly with far less annoyance than, the restriction of imports of lettuce from the United States?

Mr. ABBOTT: We would have to restrict them from all sources, including the United Kingdom, or put them under a quota.

Mr. BLACKMORE: The minister shut out United States lettuce and lettuce from commonwealth sources. Why should it not be just as reasonable to shut out United States saddles and saddles from other sources?

Mr. FRASER: This morning the minister said that at the end of the year he might allow lettuce, fresh fruits and other such produce to come in. He did not fix a definite date. Does he not think that in fairness to the farmer he should fix a date so that the farmer can make arrangements to supply our needs until that time?

Mr. ABBOTT: My statement was carefully worded.

Mr. FRASER: I know it was.

Mr. ABBOTT: It lives up completely to the assurance I gave in February last that restrictions would not be removed in such a way as unnecessarily to harm the Canadian grower, and a phrase I used this morning was that these quotas would be established when supplies of similar Canadian produce had become exhausted.

Mr. FRASER: If the farmer had been informed last year that restrictions were going on, he could have supplied our needs. Why not give him a chance to supply our needs up to the time contemplated?

Mr. ABBOTT: That is exactly what I said this morning.

Mr. FRASER: I know it is. The farmer can grow more if you allow him to grow more.

Mr. ABBOTT: Such things as lettuce and tomatoes will not keep after a certain period—

Mr. FRASER: Celery will.

Mr. ABBOTT: Celery will, I know.

Mr. FRASER: Turnips will.

Mr. ABBOTT: I qualified my statement this morning by saying that if we keep on

[Mr. Abbott.]

progressing as we have done, I hope to be able to do it, but I cannot give a more definite date.

Mr. BLACKMORE: I am seeking the principle on which the minister's exclusion behaviour was based. Let us take for example coal oil refrigerators. Exclusion was accomplished there and is still in effect. What was there about coal oil refrigerators that would qualify them for exclusion, in order to save United States dollars, when United States bicycle saddles were not excluded?

Mr. ABBOTT: Refrigerators all came from the United States; only some of these saddles did. Refrigerators were far more valuable, costing more than the comparatively small amount involved in bicycle saddles. That is the only answer I can give.

Mr. BLACKMORE: If that is so, I am still looking for a fundamental principle, and I imagine there must be a fundamental principle underlying this. I understand that barber chairs, for example, are excluded, provided that they have in them a certain percentage of metal. I understand that United States bicycle saddles are not excluded. They have a certain amount of metal in them. What I should like to find out is why the barber chair should be excluded for the sake of conserving United States dollars and these saddles not be excluded for the same reason. The minister has already indicated that if we excluded United States bicycle saddles we would have to exclude saddles from the Netherlands and Great Britain. I am informed that the Jones Manufacturing Company, which makes bicycle saddles, could have supplied the total requirements of Canada if they had been given a chance to do so.

Mr. ABBOTT: There is nothing to prevent them from doing that.

Mr. BLACKMORE: Why not shut out these others and give them a chance?

Mr. ABBOTT: Let them compete with the others.

Mr. BLACKMORE: Evidently the reason why they cannot is that the others come in and compete with them.

Mr. ABBOTT: They have already a substantial duty to protect them. I think they ought to be satisfied with that.

Mr. BLACKMORE: With regard to barber chairs, there is more than a substantial duty; there is an absolute restriction. I do not wish to labour this matter, but if we are to save Canadian dollars the principle should apply across the board instead of with respect to

everything we can produce in Canada. This admission of United States bicycle saddles looks to me to be an infringement of the rights of the Jones bicycle and saddle manufacturing company. I hold no brief for them, except that I am interested because they presented their case before the banking and commerce committee, and I thought it was a good one. I thought that the government ought to be prepared to explain, in a form more satisfactory than the explanations thus far made, why they did not give the Jones manufacturing company far more consideration than they have up to the present time.

Section agreed to.

On section 3—Schedule III amended.

Mr. MERRITT: In section 3, subparagraph (5) on page 8, the minister will find an amendment referring to tariff items 427 and 427a. Those items are basket items: "All machinery composed wholly or in part of iron and steel, not otherwise provided". As I understand it, the amendment changes the tariff item as applied to schedule III by excluding the words "over $200 in value". It is this particular aspect of the amendment that I want to direct to the attention of the minister.

May I point out first of all that this is a basket item. Under these two items a wide variety of goods which do not come under specific items will be excluded. I would have thought that it be advisable to maintain the $200 limit for this reason. Since the minister probably does not know for sure what items will be caught in item 427, I would have thought that the $200 clause would greatly reduce the paper work that must be done when somebody brought in some small item worth $20 and had it taken from him at the border because he did not have a permit. I should like the minister to state why it was found necessary to make this clause tighter than the ordinary tariff item which originally existed in the schedule.

I have another point, which is really the same kind of thing, in connection with this basket item. As I understand it, under this item a large amount of machinery has been caught which is used in British Columbia by cannery operators. I am informed that the bringing of 427 under the restrictions has caused considerable alarm out there in producing industries which want to import goods that are necessary in their production and that are not manufactured in Canada; and when I say that, I refer to item 427a in particular. Among the things that have been caught, as I understand it, are lumber carriers and other mobile lifters. They are in great demand, and they perform a useful function in a sawmill or cannery. I do not think they can be used effectively in anything but productive employment. They are used, of course, in warehouses, to carry lumber around, and to carry cans of fish after the fish is canned.

My second suggestion to the minister apart from the $200 item, is that he give consideration to excepting from 427 and 427a some of these specific items which have been caught by the basket, and which, as I understand government policy, it is not particularly desired to restrict. The policy of the government seems to be to issue a permit when goods are to be used in productive employment, or at least for stimulating additional production. I would think he might well except these carriers from the operation of the general basket item. Will the minister comment on that?

Mr. HOWE: With regard to the $200 minimum value, it was found to be too indefinite for customs purposes. It was intended for casual importations only, but we believe that it will be used to clear a great volume of small shipments which was not the intention of the act. Now it will be possible to get a permit for casual importations for a person's own use, which is an administrable item. But ordinarily any shipment, unless a general permit has been issued, must be cleared by special permit.

With regard to the second question, why items cannot be exempted, there are several difficulties. One is that usually the tariff item covers materials used for logging, fishing and mining, which are obviously proper for importation, but which are also used for other purposes which may not be so proper. For instance, a donkey engine is used for logging, and it is also used for a good many other things. Then there is the further fact that while my hon. friend refers to items not made in Canada, most items are made in Canada; and if there is a Canadian source, obviously it would not be proper to give an import permit. The system of clearing applications for import permits is a rapid process. All the information is at hand; there is ample staff available, and I see no reason why any particular section of the community should be treated differently from any other section in the matter of requirements for obtaining permits.

Mr. MERRITT: My point was a little more restricted than that. I did not ask for a general exemption in respect to imports used in the logging, fishing and sawmill industries. I asked whether the minister would give a specific exemption for carriers and mobile

lifters, and other items which I have not in mind at the moment by name, which he may not wish to restrict but which nevertheless may be caught by the basket item. To exempt carriers and mobile lifters would relieve the people out there a great deal, unless of course the minister wants to restrict their imports, as I understand he does not. It is an item with respect to which they feel keenly. Could the minister not make an exception of that one article, which as I say cannot be used on the street or in the home, or anything like that, but must be used in production?

Mr. HOWE: Well, Mr. Chairman, permits for the two items mentioned are issued freely if we know the end user of the items. If they are simply brought in for stock, permits are not issued. I do not know where the hardship comes in. A man does not buy those every day in the week; he has some little notice of his need for them. Now that the cost of air mail has been reduced from seven cents to four cents, I see no hardship in having to send an air-mail letter and getting a prompt reply.

Mr. MERRITT: There is the matter of the additional paper work. If the permit is to issue as a matter of course, I imagine they will be better satisfied; but then I do not see why this is included at all.

Mr. HOWE: It is issued as a matter of course, provided we know the end user. If it is simply a dealer importing we do not issue permits, and do not intend to do so. If it is a bona fide user applying for an item, then the permit issues.

Mr. MACDONNELL (Muskoka-Ontario): I want to ask the minister a question about the elimination of the $200 ceiling. I noticed that the minister told the hon. member for Vancouver-Burrard there was "no hardship" in sending a request by air mail, and I say that is just an illustration of the fact that when we get into this control business it goes on and on. The minister has taken out this $200 ceiling, and I observe the reason he has given for it. I should like to know the magnitude of the importations or requests under that basis, and the evidence on which the change was made. Presumably the $200 ceiling was considered carefully when it was put in, and I should like some indication that there has been real evidence of a situtation which required this change, rather than just a desire to make the thing more complete and have more people under control.

[Mr. Merritt.]

Mr. HOWE: The reason is that considerable confusion exists in clearing these items of less than $200.

Mr. MACDONNELL (Muskoka-Ontario): That is not what you said before.

Mr. HOWE: If a man gets a $200 item every day he may set himself up in business fairly well without coming under the regulations at all. It is much more satisfactory to let him apply for what he needs in the usual way, no matter what it is. If he needs blanket permission, he can apply for it and give his reasons, and the permit will be issued.

Mr. MACDONNELL (Muskoka-Ontario): I thought that might be the reason, but the minister did not give us that before. Now we are clear on the point.

Mr. McKAY: As a matter of information, would the minister tell us what is the basic chemical indicated on page 8, line 46? I thought I knew something about chemistry, but this has me floored.

Mr. HOWE: All I can say is that the tariffs indicate that very valuable imports are made under the item, and I am told it will be manufactured here in Canada in sufficient volume.

Mr. McKAY: What is it?

Mr. HOWE: I don't know. If I did I would not be a member of parliament.

Mr. MACDONNELL (Muskoka-Ontario): This bill was brought in in a hurry; most of us did not see it until a few moments ago, and I should like to ask one general question. Are the other changes, which at first blush look formidable, more or less of the nature of the change the minister has just described? Is there any change of real magnitude in schedule III?

Mr. HOWE: We have added a list of heavy chemicals. The original restrictions did not apply to that field. The reason was that we had not a report from the proper officers as to what should be done in that respect. We find a considerable unnecessary leakage of United States funds in the importation of heavy chemicals which are available in Canada at satisfactory prices. About all we have done is change the wording of the items and add the list of heavy chemicals.

Mr. MOORE: A short time ago a leading newspaper stated that schedule III had not yet been proclaimed, and that large quantities of heavy machinery were being imported without much reference to these requirements.

Has this schedule now been proclaimed? If not, when does the government intend to have it proclaimed?

Mr. HOWE: I explained this morning that it was proclaimed by stages, the reason being that we wanted to confer with the trade and work out a pattern which would effect the maximum saving in exchange without shutting down industry. I said that at the present time eighty-nine per cent of the items had been proclaimed, and that they represented ninety-four per cent of the total value of imports included in the items.

Mr. MERRITT: I understand that items 427 and 427a have just been proclaimed.

Mr. HOWE: That is right.

Mr. MERRITT: Within the last few days.

Mr. HOWE: Yes.

Mr. MERRITT: Can the minister give us any idea of the total savings he expects to achieve under these clauses?

Mr. HOWE: We cannot estimate savings. I could give the total imports, but they have nothing to do with the savings, which will depend upon the number being brought in unnecessarily.

Section agreed to.

Section 4 agreed to.

Title agreed to.

Bill reported, read the third time and passed.

FOREIGN EXCHANGE CONTROL ACT

TRANSACTIONS BY CANADIAN RESIDENTS, IN CANADA AND ELSEWHERE

Hon. DOUGLAS ABBOTT (Minister of Finance) moved the second reading of Bill No. 396, to amend the Foreign Exchange Control Act.

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

On section 1—Buy and sell foreign currency only from and to authorized dealers.

Mr. MACDONNELL (Muskoka-Ontario): Is the minister going to say anything about this clause?

Mr. ABBOTT: I do not know that there is much I can add to what I said yesterday when the bill was introduced. Its purpose is to close a loophole which it had not been realized existed in the act. The loophole was brought to the attention of the officers of the control board as the result of a case in the magistrate's court in Toronto. The facts of the case were these: A Canadian resident in Toronto, between September 1946 and April 1947, bought in the United States about $15,000 worth of cameras which were shipped to him in Niagara Falls, New York, c.o.d. Evidence was given at the trial by two witnesses from Buffalo and Niagara Falls, New York, who produced and identified the original records of the railway express agency under which this man was shown to have received the shipments at Niagara Falls, New York, and that he paid therefor at the railway express agency office amounts totalling about $15,248 in United States currency. Four other witnesses gave evidence indicating that this man was ordinarily resident in Canada.

At the conclusion of the evidence for the prosecution, counsel for the defence argued that there was nothing to show that the accused had received in Canada any part of the moneys paid for the shipments, and that sections 19 and 22 do not impose obligations on residents with respect to transactions taking place entirely outside Canada. The magistrate accepted this argument and dismissed the charges. An appeal has been taken.

As I said yesterday, the intention of course in drafting the Foreign Exchange Control Act was that so far as it relates to transactions by residents it should have extraterritorial effect; and in most sections this is made clear by the use of the words "in Canada or elsewhere". The committee will appreciate that if it is maintained, this decision would seriously prejudice the administration of the act, since it would mean that any Canadian resident who obtained payment of United States funds while in the United States—for example, for exports from Canada—could dispose of the funds there without committing an offence.

I believe the committee will realize that in order to carry out the intent and purpose of the Foreign Exchange Control Act, if this decision in Toronto is sound, the loophole must be plugged. In other sections the expression "in Canada or elsewhere" is used, but in these sections, numbers 19 to 22, for some reason those words are not used.

Mr. MACDONNELL (Muskoka-Ontario): I am sure that we all agree that however bad or regrettable a law may be, when it is on the statute book we must not allow it to be made a fool of. So far as this measure is necessary I have no comment to make with respect to it. But I do draw to the attention of the minister the fact that section 22, as it will now read, will be very broad indeed. It states:

Every resident, other than an authorized dealer who, either in Canada or elsewhere, has or acquires the ownership or possession of foreign currency—

And so on. That applies to a person going to the United States, who, not through any commercial transaction at all, but by reason of his relationship or friendship with some other persons, may receive some money. He would then come under the purview of this section. In effect he would thereby become liable. Is that a fact, and if so, could not the minister devise some amendment which would not apply to that kind of case?

Mr. ABBOTT: There would be no intention of attacking a case such as the hon. member has described. The general rule envisaged under the act is that a resident of Canada who comes into the possession of dollar exchange is obliged to account for it, as the act says, to the authorized dealer, who in effect is the Minister of Finance. The case my hon. friend has in mind is that of a man who might be down in the United States and who would have obtained a permit to go there. A friend might give him $50, which he would be free to use. I suppose the hon. member is suggesting he might be committing a breach of the law if he did not turn it in.

Mr. MACDONNELL (Muskoka-Ontario): I am not suggesting many people would have consciences as delicate as that of the minister. But would it not be possible to make it clear just what is meant? I imagine the intention is to apply to moneys which would develop in the course of business transactions, and not in the course of ordinary personal relationships. Is that a fair statement of the situation? If it is, then it seems to me the bill as it stands now goes too far.

Mr. ABBOTT: There is no change in the law as it stands, except to make it applicable to Canadian residents outside their own country. I think the intent of the act is that those of us who come into possession of foreign exchange—and I refer more particularly to United States dollars—are obligated to turn that money in. We are obligated to turn in to the common pool any surplus which we are not entitled to use legitimately. I do not know how we can change this particular section to give any greater safeguard to individual Canadians who might be travelling in the United States. I can assure the committee that we have no desire to persecute people, but without this change there would be a glaring loophole in the law which would be completely improper if allowed to remain there, and to remain unchanged.

Mr. JAENICKE: Let us suppose a Canadian has received an inheritance in the United States. He is entitled to a payment out of the estate of, we will say, his uncle. He wants to leave it down there and lend it to somebody else. Could he do that, or would he be precluded from doing so by section 22?

Mr. ABBOTT: I have not my officials before me. I think the policy up to the present time has been to allow Canadian residents to retain investments in the United States, subject of course to the obligation of turning in to the exchange control board the revenues received from those investments. Mind you, the act must be broad enough to enable the exchange control board, if it becomes necessary to do so, to take over all foreign investments. The act has always had that provision in it, as other exchange control acts have. Our exchange position has never been such that we have had to require our residents to turn in their foreign investments for Canadian currency. They have had to do that to a very large extent in England, but we have never had to do it here, nor do I expect that it will be necessary. Nevertheless there is power in the act to do it.

Mr. FRASER: I have in mind the case of a woman who during the past winter went to California. When passing through Windsor, she received from her daughter in that city $500 in United States currency. What would happen in that case?

Mr. ABBOTT: I believe the mother would be perfectly free to spend the $500 in the United States as she saw fit. If she came back to Canada with $100 she would have to turn it over to the board, because only $10 is allowed.

Mr. HAZEN: What is the definition of a resident, under the act?

Mr. ABBOTT: I should have a copy of the act, but I have not one with me.

Mr. HAZEN: I had a case brought to my attention recently which I should like to mention. A Canadian employed by a company in this country was transferred to a city in the United States. He could not find a house to rent, and was obliged to buy one. After a time the company transferred him back to Canada. He then sold the house, paid off his mortgage, and had some dollars left. He went to his banker and said he wanted to have the money transferred to Canada, because he was coming back to this country. The banker said, "We will get Canadian funds and have them deposited to your credit in Canada." Apparently this was done. Some considerable time later he received a letter from the foreign exchange control board asking him what he meant by doing a thing like that. The board told him what he had

to do was to send that money back to the United States, get Canadian funds in its place, and bring those funds back to Canada. His reply was: "How can I take the money back to the United States? I have spent it; I have not got it to take back." The whole thing seems so bureaucratic and silly.

Mr. ABBOTT: I will look into the facts of the case.

Mr. GILLIS: I want to ask the minister a question which is perhaps in a reverse direction, as it has to do with money going out of Canada. I wrote to the minister about the case of a resident of Canada whose wife and family are in France. He cannot get transportation to bring them to Canada and he is restricted to sending them $10 a week for maintenance. I could not believe that such restrictions were in effect. I wrote the minister some time ago, but as yet I have not received an answer.

Mr. ABBOTT: It may be that with the pressure of work I have not been able to reply to my hon. friend. The position is that the banks are limited to permitting $10 a week to be given out, but an application could be made to Ottawa and these applications are frequently agreed to. If so, the applicant would be permitted to send an appropriate amount to his family depending upon their requirements abroad. In giving general discretion there has to be a top limit.

Section agreed to.

On section 2—Resident required to sell all foreign currency to authorized dealer.

Mr. JACKMAN: There does not seem to be a definition of "resident" in the act.

Mr. ABBOTT: There is. I have the act here now.

Mr. JACKMAN: Suppose a Canadian goes to the United States to work for a week or two, or a month, and is paid in United States funds. Surely he does not have to turn that money over to an authorized purchaser and not use any of it down there for his own expenses?

Mr. ABBOTT: Where a Canadian is moving to the United States to take up work, the practice is—

Mr. JACKMAN: Just to take a temporary job.

Mr. ABBOTT: —to apply for a change of status. Of course, he would be entitled to pay his expenses in the United States, but so long as he remains a resident of Canada he would be obliged to sell any surplus to the exchange control board when he came back to Canada at the termination of his temporary employment. The definition of resident is to be found in section 2, subsection (u) of the Foreign Exchange Control Act. It is a long definition, and perhaps the committee would not wish me to read it.

Mr. JACKMAN: Suppose a man goes to the United States to work for three or four weeks on a reorganization project. He would have considerable expenses while there. Surely he would not have to turn over his gross receipts?

Mr. ABBOTT: He would have to turn over his net receipts.

Mr. JACKMAN: The act does not say, one way or the other.

Mr. ABBOTT: He would have to turn over his net receipts after the payment of all expenses incurred while down there.

Mr. JACKMAN: He might have to pay United States taxes as well.

Mr. ABBOTT: He certainly would not have to turn over United States taxes he had paid.

Mr. JACKMAN: You do not say that he is allowed to pay the tax there. This section states explicitly that he must turn over everything he receives. Canadians do not want to be made criminals without having any idea of so becoming. Looking at the other side of the page I notice that the old section 22 provides that a Canadian may not have any United States currency in his possession, that he must turn it over to the authorized agent.

Mr. ABBOTT: The only change being made in section 22 is to insert the words, "either in Canada or elsewhere", which are underlined.

Section agreed to.

Section 3 agreed to.

Bill reported.

Mr. ABBOTT moved the third reading of the bill.

Mr. HARRY R. JACKMAN (Rosedale): Mr. Speaker, it appears to me that section 3 of the bill is meant to help the United Kingdom foreign exchange board. Surely if a Canadian wishes to cash a cheque for a person from another country he should be free to do so. As far as I can see, under this section you might become liable if you accepted a negotiable instrument from a person whom you did not know was from another country.

Is this section designed to help our own foreign exchange control or to help that of some other country?

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

SUPPLY

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

DEPARTMENT OF LABOUR

Demobilization and reconversion—

142. Bureau of technical personnel and placement of university graduates, $39,569.

Mr. MacINNIS: Last evening I had received permission to say something on item 138.

Hon. HUMPHREY MITCHELL (Minister of Labour): Mr. Chairman, I should like to take a moment or two to answer the hon. member for Cape Breton South.

Last evening, in discussing mobility of labour, the hon. member for Cape Breton South was of the opinion that the arrangements which unemployed men in certain areas of the maritimes could be furnished with transportation to other places in Canada where jobs were available had been cancelled. He said he understood I had made a statement to that effect in this house. I think he is mistaken, and if I gave any such impression, I was mistaken. The fact is that the arrangements in regard to providing transportation to move men to employment have not been cancelled, and have been in effect since early in 1947.

On February 17, page 1283 of *Hansard,* I made a statement of this kind reporting on the progress of the transfers, and my parliamentary assistant made a further and more extended statement on June 16 last, that latter statement appearing on page 5284 of *Hansard.*

In his statement my parliamentary assistant discussed a movement of men whose fare was paid as well as transfer of men in the ordinary way where the government did not pay.

While I am on this subject I may say that we have done a great deal in the matter of taking care of what the hon. member for Cape Breton South describes as "pockets of unemployment", by seeing to it that through the clearance system of the national employment service the unemployed persons are, to use technical jargon "exposted to jobs". That is the technical phrase they use. Once a fellow has been to a university he sometimes uses peculiar expressions.

Where the placement necessitates a long journey we often supply transportation under one of two methods: first, where we can, we have the employer provide the transportation on a refundable basis; and secondly where this is not possible, the government itself provides the transportation.

Some of the places where the government supplies transportation are those my hon. friend mentioned, namely, in the maritimes, Halifax, Cape Breton, New Glasgow and Pictou, and during the winter we arranged a movement from Vancouver city to eastern Canada.

Many transfers were arranged where the companies paid the fare. For example, the Ontario Hydro moved a large number of men, and a number of lumber companies advanced fares.

The plans developed for transferring men from one part of the country to another have worked out wonderfully well and have resulted in alleviating the unemployment situation in their home areas. The actual number moved from the maritimes at government expense was 2,644. During the winter the movement slowed down.

Some questions were asked in regard to displaced persons. First of all, I should like to say that there is a very close arrangement with the immigration department. When employers offer to engage displaced persons their statement is checked to make sure that the workers are not available in Canada, and if in the opinion of the national employment service there is no need to bring people from the displaced persons camps, that application is not accepted. We insist on prevailing wages being paid, and see to it that the working conditions are good, that housing is available, and that the charge for board is not unreasonable.

After the men or women are placed, we have a follow-up system through the employment service, and periodically visits are made to see that there is no difficulty.

As I stated, we make periodical inspections and in addition where there is any complaint from either the employer or the employee we check at once, and occasionally we do make transfers. In other words, a person is not required to stay with an employer if he finds conditions unacceptable.

Some question was raised as to the type of undertaking. We have not provided for a contract; we have adopted the plan put into effect by the British government, which is that the displaced person makes application to come to Canada, and in doing so agrees to follow the line of work provided for him by the Minister of Labour for a stated period, usually one year. With the consent of the

house I should like to put on *Hansard* the form used, called "Memorandum of undertaking".

The DEPUTY CHAIRMAN: Has the minister permission to place this document on *Hansard*?

Some hon. MEMBERS: Agreed.

(*The form follows*:)

DEPARTMENT OF LABOUR
GOVERNMENT OF CANADA

Memorandum of Undertaking
with the
Minister of Labour

I, ...
(Surname) (Christian Names) Identity Serial
Cert. No. No.

do hereby undertake that on my arrival in Canada I will accept employment in ..... or such other employment as may be selected for me by the Minister of Labour for Canada or his authorized representative, at the wage rate and under the working and living conditions prevailing in the locality of employment for comparable classifications of employment, and that I will conform to the prevailing rules and working regulations of the industry in which I am employed.

I understand that I may be required to reimburse my employer for costs paid by him for my transportation to place of employment, under terms and conditions as to repayment approved by the Minister of Labour for Canada.

I agree that I will remain in the employment mentioned above, or such other employment as may be selected for me from time to time by the Minister of Labour for Canada or his authorized representative, for a period of one year.

I acknowledge receipt of a copy of this undertaking.

Dated at ....., on this..... day of .....

.....
(Signature of Emigrant)

The above memorandum of undertaking was interpreted to the above-named in his own language. I hereby witness his signature.

.....
(Signature of Witness)

.....
(Title of Witness)

Our experience has been that the D.P.'s themselves are appreciative of the fact that they have been brought to Canada, and on the whole they are quite willingly carrying out their undertaking. On the other hand we have had cases where attempts have been made to find ways and means of getting into other occupations. For example, two girls who were placed with a hospital in Saint John thought it would be a good idea to leave Saint John and go to the United States. Of course when they were discovered in the United States they got into trouble and were returned.

We do impress on the D.P.'s that they have an obligation, and we do require them to live up to it as far as we can. I must say that in this the national employment service has been remarkably successful. Never before has greater care been taken in arranging a movement of workers to this country, and I must say to hon. members that I am sometimes astounded at the success we have had. As I said last night, hundreds of letters of approval and appreciation have been received from the D.P.'s themselves and from employers. The Ontario hydro—and this is significant, Mr. Chairman—has taken sixteen hundred D.P.'s and has had only one man leave. I do not know of a smaller turnover in any undertaking in this country, and I think it reflects credit both on those in charge of the industry and on the men themselves. As I stated last night, there is nothing to prevent any of these D.P.'s from joining any organization they wish to. In passing I might say that they are carefully screened. We do not want any communists, and so long as I am in control of this movement no communist will knowingly be allowed to enter Canada from Europe. Let that be clearly understood.

Mr. GILLIS: Or nazis either.

Mr. MITCHELL: Or nazis either. There is a big enough place for those fellows to play elsewhere, without upsetting our economy in Canada. I think a man, whether he is a D.P. or any other kind of immigrant, has a colossal nerve to come into this country and preach a philosophy or ideology which has for its purpose the overthrow of democratic institutions as we understand them. We can well get along without that kind of people.

Mr. BLACKMORE: Hear, hear. Let us do it.

Mr. MITCHELL: I would be remiss in my duty if I failed to express our appreciation of the great help we have had from the Y.W.C.A., the Catholic Women's League, the Canadian Red Cross, provincial educational institutions, the Sisters of Service and church organizations. I wish to pay tribute to the great assistance that has been rendered by all these organizations, particularly in the movement of young girls from displaced persons' camps in Europe. It is a difficult thing to move large groups of young girls from Europe to a strange land, and every precaution is taken to see that they are well taken care of and placed in what we consider to be good homes in this country.

The hon. member for Cape Breton South also mentioned pockets of unemployment. It is true that such pockets do develop in every

country, and Canada is no exception. In transferring unemployed persons to other places, two methods are followed with regard to transportation costs. In some cases the employer advances the fares; in others the government pays the fares. This plan has worked wonderfully well and thousands of men and women are moved through the agency of the national employment service every month.

The arrangement in regard to the fares of unemployed people from Halifax, Sydney and Cape Breton has not been cancelled, and I regret if I gave any such impression. The operation has continued since it was first started in 1947. The total number moved to date is approximately 2,700. Those are cases where the government paid the fare. Speaking from memory last night I said the number was 2,800. It is not to be expected that married men will be too ready to leave their homes, and there has not been as great a movement as might have developed but for this fact. Usually we can find housing in the new location for single men but not for families.

Never before has better service been given the workers of Canada in the matter of finding them suitable jobs. I firmly believe that the high level of employment in Canada is due in no small measure to the fact that we now have in Canada a national employment service, which is giving excellent service to employees and employers alike. In the year 1947 our various offices placed 769,849 persons —I said around 700,000 last night, speaking from memory—which is evidence that both employers and employees are using the service.

Mr. MacINNIS: Will the minister give the most recent employment figures available, either for the larger cities or for different areas, such as the maritimes, Quebec, Ontario, the prairie provinces and British Columbia?

Mr. MITCHELL: We have not at hand the figures for the larger cities, but if they are available I shall be glad to supply them. On April 29 the number of men and women, was 165,452. When you are handling some 5,000,000 men and women gainfully employed in the industrial and commercial structure of the country, that is a very good figure. It compares favourably with the figure given by any other country. If I may say so, the figures are dead before they are born. They change from day to day, and particularly at this time of the year when you get weather such as we have had yesterday and today. In such weather in the building trades you get a labour turnover that is to be expected. I think it can be truthfully said that the labour situation at the moment is as tight as it has ever been, having regard to what the hon. member for Cape Breton South has said with reference to certain centres. On June 17 the figure had dropped to 119,120.

Mr. MacINNIS: Can the minister give the number of persons on the insurance register as at May 31, or the latest date he has?

Mr. GILLIS: And will the minister give it province by province?

Mr. MITCHELL: The hon. member wants to have it province by province and the hon. member for Vancouver East wants to have it by larger centres. I will get as good a breakdown as I can. At the end of April the number of persons drawing unemployment insurance benefits was 139,477.

Mr. SKEY: I was interested in the minister's statement that displaced persons coming in are not restricted from joining any organization. Has the department some means of informing those who are coming in of their rights in Canada and of the fact that they cannot be compelled to join certain organizations? Are they informed as to what they should do when approached by agents of certain foreign powers or people who are interested in spreading communist propaganda?

Mr. MITCHELL: There is a letter written in English, German, Polish and French. As regards communist organizations—I like to call them by their right name, communist or fascist—I believe that people coming into the country have had enough experience in Europe to know they will not be involved in any overnight revolutions in Canada. They went through a wonderful university in Poland, Germany, Latvia and all the other countries from which they come.

Mr. SKEY: In some of those countries they cannot trust the police, and they should know that they can trust the police in Canada.

Mr. GILLIS: I wish to thank the minister for his answer to the questions I posed last night. I assure him that I did not ask those questions simply for the purpose of delaying the proceedings. I really had complaints on the points I mentioned and I am glad that the minister gave a comprehensive answer. Again I wish to thank him.

Mr. MITCHELL: On my part, I am glad that my hon. friend asked the question he did. Let the light shine in.

Mr. GILLIS: That is right.

Mr. MITCHELL: The intelligence is not all on one side of the street.

Item agreed to.

Demobilization and reconversion—

148. To provide for expenses that may be incurred in the arranging for and the movement of workers from outside Canada and to work on farms and other essential industry in Canada when Canadian labour is not available to meet the need; including costs connected with the supervision and welfare of persons already immigrated to Canada under former authorized labour movements, and administrative expenses connected therewith, $700,000.

Mr. MacINNIS: Are the workers mentioned in this item the same workers to whom the minister referred a little while ago?

Mr. MITCHELL: The same people.

Item agreed to.

730. Fair wages, conciliation, industrial relations, industrial disputes investigations, including the administration of legislation relating thereto, and for activities *re* promotion of co-operation in industry, between labour and management—further amount required, $14,000.

Mr. MacINNIS: On the orders of the day I asked some questions in regard to the labour dispute, and I wish to follow that up a little further now. The minister mentioned that the efforts at reopening negotiations had fallen down because, as I understood him to say, certain violence had occurred at one or two points. I understand that these incidents occurred last night or yesterday, but the refusal of the shipping companies to enter into negotiations had been declared the day before, June 23. I was talking to the secretary of the Trades and Labour Congress of Canada, Mr. John Buckley, and he told me that the minister had advised him by letter to get in touch with Mr. J. A. Mathewson, K.C., of Montreal, with a view to opening up negotiations so as to find a settlement of the dispute.

I believe the minister said that Mr. Buckley's telegram was too specific, that he implied too much. Surely that is a very small point on which to base a refusal to enter into negotiations. I understand that one reason why the companies concerned refused to negotiate is that they claim they have an agreement already with another union. I would ask the minister whether an agreement has been registered with the national war labour board. I do not know whether the law requires that agreement to be registered. Have the companies produced any evidence to show that they have an agreement with another union?

Mr. MITCHELL: The answer is no.

Mr. MacINNIS: Another question. Has the national war labour board certified any other bargaining agencies for these unions except the Canadian seamen's union?

Mr. MITCHELL: The answer to that is no.

Mr. MacINNIS: The minister in reply to my question said that the decision was now for the courts, that the question was *sub judice* and that he could make no reference to it. Perhaps that is so; but did not the union, before it took the question to the courts, have to get permission either from the war labour board or from the minister for that purpose?

Mr. MITCHELL: When I spoke of certification I should have broken that down. In the Canada Steamship Lines there is no certification; there is in the Colonial Steamship Lines. Yes; they had to get leave to prosecute, and they got it from the national labour relations board, on which the parent organization of the Canadian seamen's union is represented by Mr. J. A. D'Aoust.

Mr. MacINNIS: The implication, then, as far as the national war labour board is concerned, in granting permission to prosecute, is that there has been a violation of P.C. 1003. I think that must be accepted. The minister says there has been no certification for one of the companies; which one was it?

Mr. MITCHELL: Canada Steamship Lines.

Mr. MacINNIS: Is it not a fact that the reason there is no certification is that the company refused to have a vote taken among its employees?

Mr. MITCHELL: No. I do not think that is an altogether correct assumption.

Mr. MacINNIS: That is my opinion. I should be glad to be corrected by the minister.

Mr. MITCHELL: A continuing agreement was in force there. We made some endeavours last year. If I may, I should like to say this to my hon. friend. I do not know whether I should think out loud or not on these matters, but last year we kept this thing running by the skin of our teeth, if I may say that. I was particularly interested in feeding the people of Europe and keeping the people of Canada warm last winter in view of the gas and oil situation on a world-wide basis. Steps were taken to take a vote on the Canada Steamship Lines, but it was late in the season and the ships were going up and down the lakes. That was what stood in our way. We must remember this, though; there is a tremendous turnover in this industry. In normal times there is practically a new set-up every year. It is not like the Steel Company of Canada, or the Canadian Pacific, or one of those big organizations in which there is some degree of a stability of employment. The turnover in this industry is tremendous, things being what they are. I used to be an employee myself, so that I am not casting any reflections.

Mr. MacINNIS: The fact that there is a large turnover in the employment in this industry would perhaps point to the fact that conditions in the industry have something to do with it.

Mr. MITCHELL: I would say so.

Mr. MacINNIS: People do not usually leave an industry in which conditions are good.

Mr. GIBSON (Comox-Alberni): They are frozen out of this one.

Mr. MacINNIS: If the average individual leaves a job today, generally speaking he must find a job tomorrow; and he will not leave a good job in order to take a chance on getting a poor one. There may be people who would throw up a job and take a chance, but the average person likes security and will stick to a good job when he finds one.

The point I wish to make in this matter, and I think I have just brought out the evidence to support it, is that in all this dispute the steamship companies have been absolutely unco-operative with the government, and that they have defied and ignored every law on the statute books. Until they conform with the laws and carry them out, they have no right to claim, nor have we, that the other side has no case.

There is another report that was made by a conciliation board, which I have not been able to obtain. It is not made public for the reason, I think, that this case is in court. But I think that report should be made public as well as the Brockington-McNish report. As the minister said a few moments ago, it is time that we let the sunshine in and let it be known that all the good people are not on one side of the railway track.

Mr. GILLIS: The seamen's case in court now is based on P.C. 1003. Parliament is likely to prorogue tomorrow night.

Mr. MITCHELL: We hope.

Mr. SINCLAIR: Saskatchewan fixed that.

Mr. MacINNIS: It fixed a great many things.

Mr. GILLIS: You had better ask the Minister of Agriculture when he gets back.

Mr. SINCLAIR: He is coming back with his shield, not on it.

The DEPUTY CHAIRMAN: Order.

Mr. GILLIS: All the bills that have been passed at this session of the house will be receiving royal assent. Bill No. 195 will then be replacing P.C. 1003. How will that affect the seamen's case in court? Will not P.C. 1003 go out automatically and the law then be the provisions of Bill No. 195?

Mr. MITCHELL: I would not think it would have any effect at all. I am thinking out loud at the moment. There is a section in the act—I cannot think of the number of it at the moment—that makes provision for the continuance under the new bill, the industrial disputes bill, of a particular agreement that was negotiated under P.C. 1003.

Mr. GILLIS: Yes, any other agreement.

Mr. MITCHELL: That was necessary because, while this dispute is difficult and miserable, it was necessary to take care of the good people. I am not casting any reflection on the labour organizations or on the employers. I should like to say this if I might, and then I am through. I think my hon. friend knows my views about labour organizations, and I express this one frankly. I think the proper place in which to correct an organization is on the inside, not on the outside. If you do not like the policy that has been followed by your officers, the proper thing to do is to clean up on the inside. Political parties have to do that, and you have to do it in your family; but you should not go out and talk about it.

I was always taught—and I am a great believer in the rule that the simple things govern the destiny of our civilization—that a family row should stay inside the family and should not be carried out to the street. That is a rule in which I believe, particularly with regard to labour negotiations. The less said until you get negotiations under way, the better. People being as suspicious as they are by nature, the less said publicly, the more chance you have of settling a dispute. I know people like to see their names in the newspapers. I suppose that is only natural. But in labour negotiations, when people are suspicious and hang on to little phrases and expressions of opinion, the less said the better, until a settlement has been reached. I think you can have a brass band when the matter is settled, and it is then all right to go to our newspaper friends and say, "Here is the settlement; three cheers for the red, white and blue". I think that is the proper way to do it.

Item agreed to.

731. Labour Gazette and other publications authorized by Labour Department Act—further amount required, $19,000.

Mr. McIVOR: I have been waiting for an opportunity to say a word, because I find in the House of Commons it is a good policy to

be a good listener; but when one has something to say, the opportunity usually comes.

I do not forget the day that I stood up when I was on the other side of the chamber, when the Prime Minister had a vacancy in the Department of Labour and was looking for a minister. He was advised by leading labour men that there was one man in Canada who had a great record and that he would make a good Minister of Labour. I think a judicial and legally trained mind can be of great benefit in any department of government; but there is one department in which I think a minister should have first-hand experience—

Mr. SINCLAIR: Every department.

Mr. McIVOR: —he should know what it is to toil; he should know the problems of labour, and how to handle them. He should have a head on his shoulders, and he should have patience. I congratulated the Prime Minister upon the appointment of the present Minister of Labour.

The DEPUTY CHAIRMAN: Order. The item before the committee has to do with publications authorized by the Labour Department Act.

Mr. McIVOR: I am going to prove that the minister has made good, by giving the record of the past year. During the fiscal year ending March 31, 1948, the Minister of Labour handled 135 cases under the wartime labour relations regulations, P.C. 1003. The breakdown of these cases is as follows:

Dominion cases dealt with	
Settled by conciliation officer	19
Settled by conciliation boards	1
Settled following board procedure	8
Still in hands of conciliation officer	11
Still in hands of boards	8
Negotiations still in progress after board reports	5
Total	52
Provincial cases dealt with	
Settled by conciliation officer	17
Settled by conciliation boards	12
Settled following board procedure	24
No settlements	25
Cases reverting to provincial authorities	5
Total	83

That makes a grand total of 135 cases handled. If this government is not prepared to take off its hat, figuratively speaking, and pay its respects to the Minister of Labour and his officials for the way in which they have dealt with these matters, then I think it is lacking in courtesy and appreciation. Last year, when the minister said a good trade union would be of great benefit to the workers, I agreed. A well-run labour union is a great benefit, not only to the workers but to industry; and we have such a union at the head of the lakes, in Fort William. I advised the president and other members of that union to keep party politics out, because it would be a curse to them sooner or later, and they have agreed to do so. Today they are putting labour on a sound foundation; and I pay my respects to the minister and wish him and his officials all success as they carry on their work.

Mr. WILLIAMS: In looking at the regular and supplementary estimates, I see that nearly $300,000 is devoted to these purposes. That is shown in item 133 and in the item now before the committee, 730.

The DEPUTY CHAIRMAN: Order. The item before the committee at the moment is 731.

Mr. WILLIAMS: I do not think so, Mr. Chairman.

The DEPUTY CHAIRMAN: Item 730 was carried.

Mr. WILLIAMS: No, sir. Before it was carried, if it was, I was on my feet several times.

The DEPUTY CHAIRMAN: If the hon. member wishes to speak to item 730, certainly we will permit him to do so, but the item was carried and I called item 731.

Mr. WILLIAMS: Then I would appreciate your permission to speak to item 730.

Some hon. MEMBERS: Agreed.

Mr. WILLIAMS: This $300,000 is quite a large sum, but notwithstanding the size of it we still have quite a number of industrial disputes in this country. The nature of those disputes is not always easy to assess, and often they are difficult to settle. I am not one of those who think a Minister of Labour is a sort of magician. After all, he is human; and there are times when it becomes practically impossible to settle a dispute. On the other hand, many disputes could be settled easily if action were taken quickly. By way of illustration, a dispute has been going on now for five months, involving a good, old-established trade union and an old-established industrial concern. I am referring to the John Bertram company in Dundas, near Hamilton, and the international association of machinists. In 1943, for the first time, they got a union into that plant.

Mr. MITCHELL: If I may raise a point of order. I have absolutely no jurisdiction over that dispute. It is a provincial matter, and the place to raise it is in the provincial legislature. I think my hon. friend has come to

the wrong house. Mind you, I know the Bertram company. I used to live in Hamilton, and I know many of the men employed there. I have known the machinists union ever since I have been in Canada and count many of their officers, including their international president, as personal friends. I have spoken to them in a personal way about this dispute, but I have no authority whatever in connection with it.

Mr. GILLIS: That is a point I should like cleared up. P.C. 1003 was accepted by the Ontario government and made applicable to all industry in this province. That definitely links the Department of Labour in Ottawa with the regulation of industrial disputes in Ontario, even if it only means working with the minister of labour provincially. The same thing was done in connection with Bill No. 195. It was made applicable to all industry in Ontario because Mr. Drew accepted it.

A moment ago the hon. member for Fort William told us that everything was just fine. I think the hon. member for Ontario was quite justified in pointing out that there are places in this province where the Minister of Labour should be exerting whatever influence he may have on the Ontario government in order to clean up such disputes as we have at the Bertram plant. Mind you, I am not concerned about the company, nor am I so much concerned about the employees. The community is affected, however; it is the real sufferer. While no one wants to exert pressure on the minister, under the set-up in this province I think he has some jurisdiction.

Mr. MITCHELL: I have to take my advice on questions of law from the justice department. In a recent case in my hon. friend's province, the supreme court definitely stated, if my memory serves me correctly, that under the British North America Act the provincial government has not power to delegate authority to the federal government. I forget the name of the case, but I presume that point will be argued before the Supreme Court of Canada. In Saskatchewan a couple of years ago—and I am not offering any criticism, because Mr. Williams, the minister of labour there, is a personal friend—they had a strike at a box factory in Prince Albert. I am just wondering what would have happened in this house if I had risen and expressed my opinion on that dispute.

Speaking internationally, it is my belief that this world would be a better place if people would stay in their own back yards. That is a sound principle to apply to any kind of legislation. The world would be a better place today if some of the international crackpots were out of the way; and if there were more people with some degree of common sense,

[Mr. Mitchell.]

like my hon. friend the member for Cape Breton South, the world would be a happier place in which to live. Naturally my sympathies are with the men engaged in labour—and I see the hon. member for Vancouver East is ready to deliver a blast. Frankly, however, we cannot become involved in the jurisdiction of the provinces. In Quebec there is a premier who believes in the principle of provincial rights, and we have that same condition right across Canada. And the only place—

The DEPUTY CHAIRMAN: I do not believe we should permit a long discussion on an item which has already been passed, particularly if it has nothing to do with the item before the committee. Hon. members are always willing to permit an hon. member to make representations, with respect to the item in hand. The one before us now has to do with the *Labour Gazette* and other publications.

Mr. MacINNIS: I am afraid I shall have to differ with you, Mr. Chairman. You see, between the time I begin to rise from my seat and the time I have succeeded in getting your eye, you are about three items ahead of me. You will have to make some allowance for the fact that we are getting older. In my view we are on item 730, and about it I should like to say only a word. The minister remarked that I was about to deliver a blast, or something of that kind when, as a matter of fact, I am coming to his defence. I think the hon. member for Cape Breton South is a little bit out. I happen to sit next to him, and I do not want to be unfair to him; but in this particular I think he is somewhat wide of the mark.

The mere fact that the Ontario legislature has accepted P.C. 1003 does not give the Minister of Labour any right to interfere in labour disputes which come under the jurisdiction of that provincial government. Until the administration has been transferred by the province of Ontario to the federal government—if that can be done under our present constitutional set-up—the Minister of Labour has no right to interfere. I think he is quite right when he does not interfere, and he ought not to do so until his assistance is asked for. At that time I believe he should be willing to help.

Mr. WILLIAMS: I am still taking this opportunity to speak to item 730, unless the Chairman rules me out of order, notwithstanding the point of order raised by the Minister of Labour. He was somewhat mistaken in his point of order, because I was not going to ask him—

The DEPUTY CHAIRMAN: Order. If the hon. member is going to discuss the strike, then I must ask him not to do so. If he has in mind some other matter which would come under this item, he might be permitted to go on.

Mr. WILLIAMS: I was going to make the point that the antagonisms which arise because of delays in disputes increase greatly the difficulties of the department, and consequently those of the minister. I was not going to ask the minister to intervene in the dispute in question. I was going to attempt to bring out, by referring to this as well as some other disputes, the financial advantage which might accrue to the department by politely and courteously offering its services before these antagonisms develop, instead of sitting back and waiting until it is asked to come in. If I am permitted to go on I would develop that point a little further.

The DEPUTY CHAIRMAN: The hon. member may proceed if he will deal with that principle and not with something in which the government is not involved.

Mr. WILLIAMS: That is the principle I have in mind. Certainly I do not intend to ask the minister to intervene in matters over which he has no jurisdiction. I understand clearly the distinction between the jurisdiction of the federal Minister of Labour and the respective jurisdictions of the ministers of labour of the provinces. I suggest that, instead of our waiting until a strike takes place, some action should be taken. For instance, the federal minister has jurisdiction over the railways, if we wish to discuss a case in point. The minister and his department endeavour to do all kinds of things before conditions reach a stage where settlement becomes increasingly difficult. I wish that in other phases of activity a similar disposition would be shown by those charged with the responsibility of settling labour disputes. Instead of waiting until people's minds become inflamed, I wish they would step in a little earlier and offer some help.

I do not think it is good policy to stay in your own back yard when you can render some assistance to your neighbour in clearing up some dirt in his back yard. I believe that in these questions of labour relations we can be neighbours. After my experience in labour relations, I am positive we can render considerable service and consequently reduce the enormous costs involved, instead of making it necessary to go through protracted negotiations and conciliations which, in the final analysis, are recommendations only and the decision as to whether one or other of the parties will accept the final finding of the board of conciliation is still left.

I offer this only as a suggestion in the light of my personal experience in these matters. If the minister does not wish to accept what I have said as useful information, that is his privilege. I offer it, however, as one who, though new in the house, is old in this phase of industrial relations.

Item agreed to.

DEPARTMENT OF FISHERIES

95. Departmental administration, $277,000.

Mr. REID: Mr. Chairman, before I speak to this item, there are a few matters of general interest I should like to mention. May I first extend my congratulations and best wishes to the newly appointed Minister of Fisheries from British Columbia. For many long years British Columbia has been asking for representation in the fisheries department. It has been long held by those in the east that the minister holding that portfolio should come from the maritimes, even though British Columbia produces over 50 per cent of the fish and fish products produced in Canada. When the maritimes are mentioned it means one, two or three provinces, but British Columbia alone produces 50 per cent of all the fisheries of Canada, including those in inland waters. Hence we felt that we had a good case for recognition. I am therefore glad to say that at long last we have been given that recognition, and I wish the new minister every success in his new duties.

I should like to place before the department one particular matter which I think should receive serious consideration by the minister after the session is over. I refer to proposed power development in British Columbia which if carried out as proposed will destroy two-thirds of the sockeye salmon run on the Fraser river. On March 27 an announcement was made in the press that a big aluminum plant would be established in British Columbia. The production of aluminum, it appears, requires electric power.

It is not generally known, although it is to members from British Columbia, that the government of British Columbia has made a complete survey of the potential water powers of that province. The latest bulletin which I hold in my hand was issued by the water powers branch of the provincial government in 1938. Any hon. member who is interested can get a copy which contains very complete maps and graphs showing the potential hydro-power development.

I am speaking now more particularly as a member of the international Pacific salmon fisheries commission. We who are interested in fisheries, particularly those of the Fraser river, have for some time viewed with alarm the possible development of hydroelectric power in British Columbia. That alarm is caused by what took place in the United States. In spite of the fish ladders which were constructed on the Columbia river at a cost of many millions, the fact is, despite all the wonderful statistics published by the United States fisheries department, salmon fishing on the Columbia river is gradually going down.

True, the fish ladders which were constructed have permitted the salmon to get up over the dams to reach the spawning beds; but, although the authorities have tried for twelve years, no one has yet discovered how to bring the little fingerlings down over the dams, and that is the crux of the entire situation. Fingerlings by the millions are unable to negotiate the large falls. They have protected them to a certain extent in going through the turbines, but investigation has shown that millions of the fingerlings die, or are lost when migrating down stream over the dams.

In the past, the fisheries department, no matter under what government, has not taken any great interest in what happens or might happen to the fish after dams have been built. I should like to cite one instance. The British Columbia power company erected a hydroelectric plant on the Alouette river to supply Vancouver and other places with electricity. The entire river was dried up, and today it serves no purpose so far as the salmon fisheries are concerned.

The press report which I hold in my hand states that the Aluminum company are about to proceed to construct an electric power plant on Chilko lake. Most of the projects set out in the book which I hold in my hand have in mind the construction of dams, but this project indicates that something new is to be done. The water from the lake is to be taken away by means of flume or tunnel and dropped into another lake. Chilko lake by the way produces about two-thirds of the sockeye salmon in the Fraser river.

They would take the water from the lake and perhaps take it into Bute inlet. I say "perhaps," because one or two different schemes are outlined. They are going to utilize the water from the lake for the development of electric power. That water will be taken from the Fraser river entirely and the lake drained or used. Sockeye salmon will be prevented from going to Chilko lake, first by the dam at the inlet to the lake and, second, by the fact that the water from the lake is to be drained off for the development of power and diverted on to the sea.

In 1913, before the disaster which occurred at Hell's Gate, an estimated 2,500,000 cases of salmon were produced from the sockeye going up the Fraser river. If one takes an average of ten salmon to a case that equals 25,000,000 salmon. We estimate that in those days at least 20,000,000 salmon went up the Fraser and its various tributaries to spawn.

Then the disaster at Hell's Gate occurred, but I do not intend to go into that at the moment. Fish ladders have been constructed there by the two governments, the government of the United States and the government of Canada. Last year 3,000,000 sockeye were counted going up to the spawning beds, while 6,000,000 were caught by the fishermen of the United States and Canada. When you consider the difference between the run of 1947 and that of 1913 you will understand why the members of the commission are so much alarmed and perturbed over this projected industry.

We are not arguing as members of the commission that there should not be any development of hydroelectric power from the waters of British Columbia, but we do point out respectfully to both the provincial government and the industrialists that in the interior of British Columbia there are water areas which could be utilized for the development of power and to which no salmon go. We have made a complete survey of the lakes and rivers of British Columbia and can show by our charts, maps and data the lakes and rivers which produce salmon and also those which do not produce any salmon.

Before projects such as the one which I have mentioned are carried out—and this one would destroy two-thirds of the sockeye run of the Fraser river—we say that these water areas should be examined. As it is now, without any consultation with the federal Department of Fisheries or the international Pacific salmon fisheries commission, projects detrimental to the fishing industry on the Fraser river and its tributary streams and lakes are commenced, or proposed.

I have stated on many occasions that the provincial authorities do not look very kindly on the fisheries of the Fraser river. They are power-minded, and I use that phrase in a double sense, meaning hydroelectric power, and second, the power of complete control over these rivers. Fisheries come, of course, under the dominion government, and the provincial authorities are therefore not as much interested in salmon as they should be. Although we have approached the provincial government

on many occasions and have had assurances from at least two premiers and their deputies; yet when industrialists come along and ask for the right to construct dams and go ahead with power projects they are given every assurance that their applications will be granted, and neither the dominion Department of Fisheries nor the international Pacific salmon fisheries commission is made aware of what they are doing.

They had the same trouble in the state of Washington, and the federal authorities at Washington, D.C., took the matter up with the provincial authorities of Washington state, whose authority compares with the province of British Columbia. On this side of the line we call them provinces, and on the other side of the line they call them states. The federal authorities persuaded the Washington state authorities to pass a statute, a part of which I am going to read, and I suggest to the Minister of Fisheries that he take serious note of this and between now and next session take this matter up with the provincial government of British Columbia with a view to their passing similar legislation.

The act passed by the state of Washington provided:

> In the event that any person, firm, corporation or government agency desires to construct any form of hydraulic project or other project that will use, divert, obstruct or change the natural flow or bed of any river or stream or that will utilize any of the waters of the state or materials from the stream beds, such person, firm, corporation or government agency shall submit to the department of fisheries and the department of game full plans and specifications of their proposed construction or work, complete plans and specifications for the proper protection of fish life in connection therewith, the approximate date when such construction or work is to commence and shall secure the written approval of the director of game.

I say to the Minister of Fisheries in all kindness that it is time that we had some such protection in Canadian laws. As it is now, the only protection we have is contained in section 20 of the Fisheries Act, which reads:

> Every slide, dam or other obstruction across or in any stream where the minister determines it to be necessary for the public interest that a fishpass should exist, shall be provided by the owner or occupier with a durable and efficient fishway, or canal around the slide, dam or other obstruction . . .

I shall not take time to read the whole of the section, but I draw the minister's attention to this section 20 of the Fisheries Act and point out to him respectfully that it is no protection whatsoever to our fishing industry, because when you come to examine it carefully you find that no action can be taken until the dam is actually constructed, in which case the run of fish for that year may be completely wiped out before any action can be taken by the dominion government.

I am not going to thresh old history. I merely point out that on one of the tributaries of the Fraser, the Alouette, a dam was built for the development of power and it wiped out a valuable salmon run which before had gone up the Alouette river.

I am greatly concerned, and I know the international Pacific salmon fisheries commission is also greatly concerned in regard to the project I have mentioned, and I say in all seriousness to the minister that no time should be lost after the session in making representations to the provincial government, first of all, to find out whether it is true; second, to find out whether permission has been granted; and third, to request that before any licence is granted the whole fisheries industry, and particularly that of the sockeye salmon industry, be examined as to the possible effects upon it by the construction of the dam, provided that a licence is granted by the provincial government to proceed with the project. I am not going to labour the point further, but I thought I would take a few minutes to impress upon the minister the seriousness of the matter, because action is necessary now before the project is further proceeded with.

There are one or two other matters I wish to place before the minister for his consideration after the end of the session. First, I would suggest that we have a fisheries representative in the external affairs department of the government. In the United States, when their minister of external affairs is dealing with nationals of other countries, a fisheries expert sits in to advise and is thereby enabled to give some protection to the fisheries of the United States. The time has long since passed in this country when we should have such an official attached to the Department of External Affairs.

In support of what I urge, let me recall what happened regarding Newfoundland and Great Britain. I do not know who fell down on the job, but I know that almost since confederation Canada has been the chief supplier of salt cod to Italy and various other countries on the continent of Europe. We understand that there is at the present time a dearth of United States currency in Great Britain, which is hampering her trade to quite an extent, but some time ago the news came out that Great Britain had made United States funds available to Newfoundland to enable her to capture our market for salt cod in Italy and other countries. Something like nine thousand tons of salt cod were sold by Newfoundland to Italy and other

countries, through Great Britain assisting Newfoundland with United States dollars. Had we had at that time a fisheries expert attached to the Department of External Affairs, a deal of that kind might not have been allowed to go through.

My fourth point is this. There should be closer co-operation between the department and the fisheries research board. Two years ago I made what was interpreted as a violent attack in this connection. I did so knowingly, because I felt that the fisheries research department had to be shaken up in some way. I am not going to indulge in any carping criticism, but I might mention that between sessions I visited the station at Nanaimo, and I must say there is need for closer co-operation between the minister's department and the officials of the fisheries research board. The first step has been taken. We have one officer attached to the board, but that does not establish sufficiently close co-operation.

There is another matter which I would ask the minister to consider between now and the next session, and that is off-shore fisheries. Off the coast of Vancouver island, beyond the three-mile limit, the nationals of the United States and Canada are fishing, and from reports reaching me I think it is safe to say that the fisheries close to Vancouver island are being depleted. It is true they are outside the three-mile limit, but the United States has taken action to protect its own nationals who fish beyond the three-mile limit off United States territory. We cannot sit idly by and see our off-shore fisheries depleted by nationals of other countries.

May I also bring to the minister's notice the importance of a decision with regard to Hecate strait. I made a speech on this subject last year and I do not intend to repeat it on this occasion, but Hecate strait was designated as Canadian waters many years ago. In fact Canadian or government vessels have in past years chased off American boats. Looking to the future, I suggest that steps be taken to proclaim Hecate strait Canadian waters. I point out that if we allow United States fishermen to fish in those waters with impunity there is nothing to hinder vessels from Japan and Soviet Russia from entering the waters and depleting them, and when they do so we shall find ourselves in some difficulties if we try to chase them off. They will reply that Americans had been fishing there.

I suggest also to the minister that some thought be given to a revision of the Fisheries Act. I do not know how many years it is since the act was revised, but in between sessions the minister should look that question over with his officials. If he does, I think he will find that my suggestion that the act be reviewed as soon as possible is a good one, and, if acted upon, it would be a step in the right direction.

One further remark I wish to make has reference to the dyeing of seal furs. I could take up all these matters under the several items as they came up, but I think it might be better for me to deal with them all at the same time. That would save time. In connection with the dyeing of seal furs, I notice that there is an estimate of $550,000. That matter was debated when the treaty came before the house, but I would suggest that steps should be taken, even if money has to be spent, for the setting up of a dyeing establishment in British Columbia.

After all, no province except British Columbia, if you get down to the morals of the thing, can claim any of the money we receive from the United States on account of the sale of these furs. Bear in mind that the people of British Columbia had an industry there. It is true they were hunting seals in open waters, and at some other time I shall give the history of that. At the moment I simply point out that we in British Columbia have a moral right to the moneys obtained from these furs, because it was British Columbia fishermen who were put out of business when the treaty went through. It affected no other fishermen in Canada. Some thought should be given to this matter, and I am confident that the minister will look into it with a view to establishing an industry in the dyeing of these furs.

It cannot all be done in one year, because the process is a secret one; but why should we send our furs either to St. Louis or to Great Britain? When we investigate the establishment of industries, I think it will be readily agreed that this is one industry that belongs to British Columbia. I am willing to debate that with any member of the committee.

I close by again wishing the minister every success in his new position.

Hon. R. W. MAYHEW (Minister of Fisheries): I will try to answer some of the questions the hon. member has put to me in so kindly and constructive a manner. I wish to thank him for the job he has been doing and for the way in which he has made his presentation to me.

As regards the Chilko lake power plant of the Aluminum Company of Canada, that is a new development. At the present time it is really not on paper. It is talked of, but I do not mean to say it is not a possibility or even

a probability, though it is quite a new venture. I assure my hon. friend that it will receive the immediate attention of the department; in fact, it has already received attention. Further attention will be given it, and as I shall be going to the west coast soon I will take that occasion to discuss the matter with the provincial government.

It is quite true that our legislation would enable us to tell anyone developing power plants on any of our rivers that he must provide fish ladders. The hon. member for New Westminster is quite right. At the same time, we would be a little late with our present legislation and we shall have to take that into consideration.

The hon. member referred to the fisheries department being represented with external affairs, and I can assure him that there has been the closest possible liaison between the two departments. That will be continued. The Department of Fisheries is one department that is greatly concerned with what goes on in our relations with our neighbours, and I assure the committee that that is the case at the present time.

As regards the Newfoundland and United Kingdom deal on cod fish, that is an offer by the United Kingdom to the Newfoundland government. It is one that we would have no control over; but we can negotiate and are negotiating with the United Kingdom government, seeking to be put in the same position as the government of Newfoundland in the matter of fish.

So far as the liaison with the research board is concerned, we have already representatives on that board in the persons of Doctor Needler and Mr. Sutherland, and another official whom we expect on our staff very shortly, Doctor Pritchard. So that that is taken care of.

As regards the curing of fur seals at the present time, that is done in the United States in St. Louis and at Martin's in London. Apparently they are the only people who have the knowledge necessary to cure these seal skins. It is not simply a question of building a plant; you must get the technical knowledge to do the curing when the plant is established. That may be obtainable in some form or another. These seal skins are worth $20 per skin more with the St. Louis process than they are with the process in England. This matter must be given considerable study before we would embark on the building of a plant, but all the items the hon. member has brought to my attention will receive consideration.

The hon. member referred to the Fisheries Act. I have inquired about that, and I find that it has been some time since the act was really reviewed. I have asked the legal adviser to have a look at it to see what changes, if any, need to be made.

Mr. PEARKES: As representing the constituency adjacent to that represented by the minister, I offer him my congratulations on his appointment as Minister of Fisheries. I am quite certain that he will bring the full measure of his ability and his long experience to the department, and I express the hope that he may hold that appointment for the rest of his parliamentary career.

I should like to ask one question which concerns fisheries in the northern part of our province. The international boundary between British Columbia and Alaska runs from a point northwest of Prince Rupert due west to the southern end of Prince of Wales island, known as Point Muzon. I was rather disturbed the other day when the Minister of Mines and Resources said quite recently consideration had been given on a technical level with regard to the changing of that international boundary. If that international boundary is moved further south—and I presume that is the direction in which it is intended to make any change—our valuable salmon-halibut fisheries in the Dixon entrance and perhaps in Hecate strait will be seriously interfered with. It is a matter of tremendous importance to the fishing industry. I wish the minister would tell us how far those negotiations with the United States have gone for the changing of the boundary, to which the Minister of Mines and Resources referred at page 5684 of *Hansard* of June 22 of this year.

Mr. MAYHEW: Preliminary steps have been taken with the Department of External Affairs, objecting to any change in boundary that would alter the fishing grounds of Canada. It has only been preliminary, but I assure the hon. member for Nanaimo that is going on and will be prosecuted to the limit of our ability.

Mr. PEARKES: Did I hear the minister say that his department was objecting to any changes?

Mr. MAYHEW: Any changes that would be detrimental to the fishing industry of Canada.

Mr. PEARKES: If the boundary were moved farther south, thus giving a larger share of those northern waters to the United States, surely that would be detrimental to the fishing industry of Canada, would it not?

Mr. MAYHEW: I would naturally think anything that lessens our area at all would be detrimental. But the matter is under study

at the present time and has been taken up with the Department of External Affairs.

Mr. PEARKES: The minister cannot give us any further information on the subject? It is one of national importance as well as one of importance to the fishing industry. Obviously some sort of consideration is being given at the present time to changing the international boundary of Canada. I think the people of this country are entitled to know what is behind this move. Why should Canada desire at this time—if she does so desire—a change to be made? This is something that just cannot be passed over without some explanation from the government. I wish the minister would explain as fully as he possibly can how far these negotiations have gone, what are the proposals which have been made either by Canada or the United States and how they will affect the fishing industry of Canada. It is something about which the people of Canada should be informed. It is something in which the fishing industry of British Columbia would be most vitally concerned.

Mr. MAYHEW: I am afraid there is nothing more that I can add to what I have said. Negotiations are going on. The province of British Columbia has also been brought into the discussion, and the interests of Canada will be taken care of.

Mr. MERRITT: At whose instance were those negotiations started?

Mr. MAYHEW: It was referred to us by external affairs, so that I imagine it started in the Department of External Affairs. Probably the hon. member's question would be better directed to that department.

Mr. MERRITT: I mean, by which country were negotiations started? Is it a change desired by Canada or a change desired by the United States?

Mr. MAYHEW: I cannot answer that at the present time.

Mr. PEARKES: The Minister of Mines and Resources used the expression "until quite recently, at the technical level." I presume that the negotiations have now moved forward from the technical level to the cabinet level, if the matter has been referred by one department to another.

Mr. MAYHEW: It is still on the technical level, so far as I know. It has not been on the cabinet level yet.

Mr. WINTERS: As a member from the east coast, I should like to start by saying a word of welcome to the new Minister of Fisheries. We regard it as a fitting tribute to the great industry on the west coast that, after all these years, they should finally have their first Minister of Fisheries. We also feel that they have the right man in the job; one who has had a significant and successful career in industry and who brings a great deal of experience to the portfolio. I should also like to say that we were pleased about the appointment of the parliamentary assistant, the hon. member for Prince. We feel that in the balance between east and west the government has a strong combination that will produce.

Mr. McIVOR: And take care of all in between.

Mr. WINTERS: I should like for just a few moments again to bring to the attention of the committee some of the problems which are facing commercial fishermen. The fishing industry has always to struggle to fit into any economic pattern and present-day conditions present real problems. I think the difficulty has greater emphasis on the east coast, but fishermen the country over usually feel that they are in an orphan industry.

When the national income is high, people purchase high-priced foods and eat fish far too seldom. When the national economy is tight, there is not enough money to pay a reasonable price for fish, with the result that the fisherman suffers again. It is in the nature of a marginal industry; it reacts first to an economic let-down and benefits last from an upswing.

It is fully realized that if Canadians would eat more fish, the industry would be much healthier, and so would our Canadian citizens. But until the internal consumption goes up quite materially, we shall have to depend to a large extent on foreign markets, where we are at the mercy of various governments. Our national consumption of fish is still far and away below our national production.

With the price of meat high, a solution of part of our cost of living worries is to eat more fish and less meat. Now is the golden opportunity for the industry to make a determined attempt to expand domestic consumption; but in order to do so, it will be obliged to put on the market a good quality product. This involves a comprehensive inspection, and in this both the department and the industry have been making good progress. This is, however, a field for a considerable amount of further development.

In the fresh fish market our best customer is the United States. The predominant export on the east coast, apart from lobsters, is fresh fillets of cod and haddock. Much has been said of tariff concessions gained at Geneva, and we are not unmindful of the splendid

work done by our representatives. But the best that could be done for cod and haddock fillets was to have the outstanding tariff rate bound at what it was. In other words for our most important fresh fish product, there was no change in tariff; but we are in a little better position as a result of a revision of the quota system, whereby the United States now allocates the total quota on a quarterly basis instead of annually as heretofore. This enables us to compete on better terms with countries such as Iceland which might otherwise flood the United States market at one season of the year and, in so doing, use up most of the quota.

Prices of fresh fish increased during last winter to the point where fishermen could make a decent living if catches were good. As is well known, deep-sea fishermen work on a share of the catch basis; the shore fishermen, of course, earn in direct relation to the amount of fish they catch. During the winter the weather was against our fishermen and fish were scarce. In the spring and early summer, fish have been plentiful and the price has held, but the weather has been most adverse. As a result, though deep-sea schooners and draggers have done well recently, shore fishermen have not been experiencing good catches and returns have been relatively low. The lobster season in many districts was not up to average, and fishermen who count heavily on this product have suffered varying degrees of disappointment.

The salt and pickled fish branch of the industry is having its own special and serious problems. This branch depends almost entirely upon the export market in the West Indies. The ironic problem here is that, though the demand is good, the countries which wish to buy cannot do so because of a shortage of dollars. For provinces such as Nova Scotia and for industries such as fishing, which historically have looked for their prosperity to foreign trade, the impact of the present relationship between dollar and sterling countries is a heavy blow. This is a problem to which our financial experts should give their best attention.

I wish to associate myself with the remarks made by the hon. member for New Westminster, who gave a splendid presentation of the fishery problems of the west coast. He pointed out that the United Kingdom appears to be discriminating against Canada in favour of certain empire countries in the matter of dollar dealings. Recently there have been concessions on the part of the United Kingdom to certain of our competitors, which have given them an advantage over Canada in the European market. The hon. member for New Westminster referred specifically, I think, to dealings with Greece. While we in Canada have no wish that anything shall be done to upset arrangements entered into with other members of the British commonwealth, the least we should expect from the mother country is to be treated on the same basis as the rest of the commonwealth with respect to an industry that is so vital to our welfare.

With regard to dry salt fish, there is a problem arising out of a United States regulation for which it is difficult to account. The regulation provides that a higher duty shall apply to fish having less than 43 per cent moisture than to fish having more than 43 per cent moisture. The continental United States market is not important to us, but the trouble is that the regulation applies to Puerto Rico, in which we are vitally interested. The rate on fish having more than 43 per cent moisture was reduced in 1922 at the request of New England fish processors, who wished to obtain cheaper fish to process and market as boneless fish. A wet fish is used for this purpose. Neither the tariff nor the differential applying at 43 per cent is of any importance to the United States or Canada when only these two countries are concerned; but the trouble is that the differential influences Puerto Rico to buy a wet or green fish at lower tariff rates, and Nova Scotia fish, having a higher moisture content, do not stand up well in warm climates. In other words, we cannot assure the quality that is so vital in international dealings, when the moisture content of our fish is high. On the other hand, Newfoundland and Labrador dried fish, with the higher moisture content, do not deteriorate so rapidly in warmer climates, with the result that Newfoundland has a decided advantage over us in this market. Then, too, when it is considered that there is no satisfactory and consistent method for determining the moisture content of dried fish, it must be concluded that the 43 per cent line of demarcation is pretty arbitrary.

This may not sound important, but I can assure the committee that it is of the greatest consequence to salt fish producers in Nova Scotia. We urge our negotiators at any future trade talks with the United States to do their best to have the differential removed. Failing that, we would urge that the moisture content at which the differential applies be increased from 43 per cent to around 50 per cent, thereby giving us a better chance to compete with Newfoundland. At a recent meeting of the banking and commerce committee, Mr. F. Homer Zwicker of Lunenburg was given an opportunity to present this case on behalf of the salt fish exporters association.

He was given valuable assistance by the senior hon. member for Halifax, who is a member of that committee and quite familiar with the situation, and who realizes the difficulty under which our salt fish trade is obliged to operate as a result.

The fishing industry is a hard one for all concerned. The returns to operators and fishermen alike, depend upon the amount of fish caught, export markets and our own domestic consumption, all of which are highly variable. Add the hazards, discomfiture and hardships endured in open boats in all kinds of weather, and one can well imagine that there is no other industry in which personal initiative and courage run higher. Fishermen cannot demand and get pay raises with assured incomes as can labourers in other industries. They can only share in what they catch, and be paid only in relation to what consumers will pay for their products. Nevertheless the conditions under which deep-sea fishermen work and the returns to all types of fishermen have improved. Recently the hon. member for Cape Breton South stated that production increased by 196 per cent between 1938 and 1945, and that since the war it had gone back to about what it was in 1938. This is entirely contrary to the facts. The total value of sea fish landed in the three maritime provinces and Quebec in 1938 was $8,687,000, while in 1946 it was $34,358,000. In 1947, despite the fact that there was a strike of three months' duration, the value of the catch was $23,288,000, or almost three times what it was in 1938.

The same hon. member referred to the fisherman as the forgotten man, and pointed to his low income. It is true that returns to fishermen are not as high as the government or the industry would like to see them, and shore fishermen in particular often do not receive adequate compensation in relation to the work they do and the hazards they take; but it is fair to look at the over-all picture. In the first five months of 1948, six schooners, picked at random, shared $997.68 per man, or very close to $200 a month. Of six draggers for which I have figures for the same period, each deck hand averaged $1,255.32, or $251 a month. On some draggers the men averaged over $300 a month. In 1939 the price of cod and haddock averaged about one and a half cents a pound for the whole round fish. In 1945 the price of codfish varied from 3½ cents to 4 cents, and the price of haddock from 4½ cents to 5 cents. The 1948 prices to date are the same as those in 1945. Therefore, whereas the hon. member from Cape Breton South says that conditions in the fishing industry improved up to 1946 and then receded to where they were before the war, the encouraging fact is that, with continued heavy fishing and sustained prices, it is a reasonable estimate that deep-sea fishermen will get as much or more in 1948 than they did in 1946.

The statements made by the hon. member for Cape Breton South are the sort of characteristic inaccuracies which are harmful to the industry and to the maritimes. At a recent meeting in Cherry Hill, the Rev. Fred Young, who, I understand, is a professional organizer for the C.C.F. party, discussed fishing problems. As reported from Bridgewater on May 7, the Rev. Mr. Young stated that, while the Lunenburg county fisherman is getting from three to four cents a pound for his catch, the Halifax consumer pays twenty-nine cents a pound for the same fish. He may, or may not, have been aware of a gross inaccuracy; nevertheless he is comparing unlike quantities. It is true that the fisherman is paid from 3½ to 4 cents a pound for the fish in the round, whole state; but it takes about three pounds of this fish to make a pound of fillets; and it is the price of fillets which Mr. Young quotes at twenty-nine cents a pound. The spread, including processing, distribution, selling, refrigerating, and other costs is, therefore, between twelve cents and twenty-nine cents, and not between four cents and twenty-nine cents, as is used for propaganda purposes. In the same report Mr. Young continued his attempt to spread unrest in the industry by making the mysterious statement that a C.C.F. government in Canada would establish floor prices under fish, thereby lowering consumer prices and greatly increasing consumption.

As I have said before in this discussion, and on previous occasions, the shore fisherman is the man who, more than any other, works abnormally hard for uncertain returns in the face of great hazards. He is constantly running the risk of losing his boat and his gear, and at the present time there is no means whereby he can obtain insurance such as that available to registered or tonnage boats. This has been a matter of concern, and some months ago I asked the department to undertake a study with a view to determining the feasibility of initiating an insurance program with the premiums to be shared jointly by the fishermen and the government. I was pleased to learn that this matter had been raised as far back as 1931 by one of my predecessors, an outstanding Conservative member, Mr. W. G. Ernst, who later became minister of fisheries. Unfortunately, for various reasons, no plan was brought forth at that time, nor has any suitable program been worked out for the east coast to date.

The Department of Fisheries has assigned to the problem personnel who have given it the most searching study and have compiled comprehensive figures on losses, damage and other factors. I wish to compliment the department upon the manner in which they have applied themselves to this study and to express the hope that a plan can be formulated which will be satisfactory to the fishermen; for it would provide a vital stimulant to inshore fishing, which is that phase of the industry most urgently in need of support. It would enable these fishermen to operate with more confidence and would serve to provide an element of solidarity and stability, which the industry can well use.

I should like to endorse the remarks of the hon. member for New Westminster respecting his suggestion that a fisheries expert be included in the Department of External Affairs. To my mind that is a good suggestion. I believe also that we could use more men with a detailed knowledge of fisheries in the Department of Trade and Commerce.

May I repeat what I said last year with respect to the continental shelf. I believe it is time the Canadian government took some steps to extend Canadian sovereignty over those waters which normally we regard as our own home waters, namely, the waters usually embraced within the limits of the continental shelf.

In closing, may I again extend the best wishes of the east coast fisheries to the new minister, and hope that he will remain in his office for some considerable time.

Mr. ARCHIBALD: Mr. Chairman, I should like to compliment the minister upon his appointment. It is good to see a Minister of Fisheries from British Columbia. I have enjoyed in the past the co-operation of the Department of Fisheries, and I have no doubt that it will continue in the future.

I have only one or two points I should like to mention at the present time. First, there is the matter of the short halibut season, and the fact that the fishermen in the Canadian halibut fleet are interested in seeing that the international halibut commission be given more power, so that the season may be spread out over a longer period of time. The purpose would be to prevent such a large mass of fish from coming in, in such a short space of time, and thus prevent a depression in the market. This short season is bad for the fishing grounds. It is hard to handle such large quantities in so short a space of time. I have no doubt that there will be some depression in fish prices, and these large quantities coming on the market will help to depress the price still further. I would ask the department to take an interest in this matter so that such a crisis might be averted.

The suggestion by the hon. member for New Westminster in which he asks for a fisheries expert in the external affairs branch is a good one. I should like to see a little more aggressiveness on the part of Canada when we are dealing with the United States. It would seem that we take their desires at face value, but that they are slow when we ask for concessions.

Then, possibly the minister would answer the question I asked the Minister of Trade and Commerce the other evening, namely, about fish livers. I shall not repeat my question in detail, because the minister is familiar with it.

May I speak respecting the need of proper repair equipment in northern British Columbia for patrol vessels? The department needs that equipment, and I should like to see them move from their present quarters at Dodge Cove to quarters at Seal Cove, where the Department of Transport is now located and at which point the Department of Fisheries controls one area. Those facilities are needed because the boats require constant attention in the northern waters.

Then, in the matter of research, at one time there was an office at Prince Rupert. I shall not go so far as to say that a full station should be established there; but in view of the amount of fish going through there, there should be established at least a substation at that point. I am sure if that were done it would be appreciated by the fishing industry.

Again let me say that I wish the minister a long term of office in his department.

Mr. MAYHEW: Probably the hon. member for Skeena is aware that during the last week and at the present time the halibut commission have been holding a meeting in Ottawa, and that they have been discussing the question he has raised. They are placing their suggestions before the department. What may follow I am not now in a position to say, but I know the matter is under study.

It was suggested that there should be a representative of the fisheries department in the Department of External Affairs. I have already said that there is close liaison with that department. I think it is more important that there be a man who understands fisheries in the Department of Trade and Commerce, and I am happy to say that there is such a man there now.

May I say that I fully realize the value of promoting sales in any industry, and particularly in this one. That matter will have the closest attention. But I would point out that if you are to have sales volume you must go

right back to the fisherman. You must see that the fish is properly stored in his boat, that he has proper transportation facilities to get his fish to market, and that the handling, even in the smaller stores, is done in the right way. A long process must be followed to get the fish from the boat to the table, and each move is vital. I consider that the merchants in our various cities and towns are simply the agents of our fishermen.

The part this government must play is to carry out proper inspection at the different stages the fish must go through to reach the table. It is only by good merchandising that we can increase the production of this industry. So far as I possibly can do it, that will be done. As hon. members go through the estimates they will find, as they stop at the different items—I hope they will not stop at every item—that large amounts are being asked for to carry on research and inspection work, the very things that I have just said we should try do to.

At the present time we have in the department a staff of capable young men who were brought there by the late Mr. Bridges when he was minister. We are beginning to feel the results of his work in this department. I am sure that with the energy and enthusiasm of our departmental officials we can go on to develop this industry.

I had intended making some lengthy remarks, but other arguments broke in and I shall not go on with them at the present time. However I want to say that I am happy to have as my parliamentary assistant the hon. member for Prince. He is from The Island, and with the minister being from another island on the Pacific I think we shall be able to achieve results.

Mr. SINCLAIR: I had intended to confine my remarks to one or two later items, but the remarks of the hon. member for New Westminster on the Chilko lake situation brings me to my feet at this time for an obvious reason. Chilko lake and Bute inlet are in my riding, so that we immediately have that conflict of interest between power development and the fishing industry.

Chilko lake development is one of the most unusual in British Columbia, or for that matter in Canada. As hon. members know, the interior of British Columbia is cut off from the coast by the great barrier of the coast range. The great watershed of the Fraser river is to the east of that range. Some 150 miles north of Vancouver a great fjord, Bute inlet, cuts the range. On the other side of the last mountain between the height of Bute inlet and the interior of British Columbia lies one of the largest lakes in British Columbia, Chilko lake. This lake is at an elevation of almost 3,000 feet.

Normally the waters of that lake find an outlet through the 400 miles of the Fraser river to the sea. The proposal is to drive a tunnel through this one mountain and tap this tremendous volume of water which lies at this great height of 3,000 feet. Normally such a power development would be used to send power to Vancouver and New Westminster, but because of the mountainous nature of the country the only way in which the power can be used is to use it normally. That is why there has been no development of that site until now. It would take an industry like the Aluminum Company of Canada to make proper use of that power.

Mr. MACDONNELL (Muskoka-Ontario): Is the reason why power could not be transmitted the high cost of constructing transmission lines?

Mr. SINCLAIR: The reason is the whole coast mountain range with its long fjords cutting across. This would require a land line of at least 2,000 miles to reach Vancouver. The result is that the power must be used locally by locating a power plant at the head of this long fjord.

As the hon. member for New Westminster properly said, this is one of the great tributaries of the Fraser river, and if all that water is diverted into Bute inlet it will have a serious effect, not only on the main body of the Fraser but on its tributaries. As a result, the great salmon run in the Fraser river will be seriously injured. I think between these two extremes is a type of development which will permit a flow of water out of the lake as well as allowing salmon to come in to spawn and the fingerlings to get out.

One point brought out by the hon. member was an excellent one, the fact that this must be done now. Unfortunately, until now the various provincial governments have paid little attention to the value of our streams as salmon streams. The Aluminum Company of Canada is spending $1,000,000 on surveys in that area and, unless immediate action is taken, it will be too late. One of the first tasks of our new British Columbia minister of fisheries should be to protect the salmon industry's interests in lake Chilko.

Another interesting point arises here, the flood situation. I am quite sure the hon. member for Fraser Valley will welcome this development, because the siphoning off of this great amount of water would certainly tend to reduce the flood threat on the Fraser river during the spring. This brings up once

more the point which the hon. member for New Westminster emphasized in his capacity as a member of the international salmon commission. This great Fraser river is not just a salmon stream or a power stream; it must be regarded as a stream in which flood control, power development and the salmon interests all play a part.

Perhaps this is the time to mention that the fisheries department has been instrumental in creating a new industry of tuna fishing on the Pacific coast. This type of fishing has been carried on extensively in recent years in Mexico and California, and lately some of our fishermen have been venturing out farther and farther from shore to engage in this type of fishing. The Department of Fisheries has provided great assistance in furnishing a pilot boat for our fishermen.

There is being developed on the west coast still another new industry in which I believe one of our colleagues is interested. I do not know whether the whaling industry can be called a fishing industry. When industries are started in eastern Canada they are quite often helped with subsidies, and even when they get going there seems to be a tendency to continue to pay those subsidies. If this whaling industry should have a difficult time in its first year of operations I hope the fisheries department will remember the assistance they have given and are still giving in these estimates to various kinds of fisheries on the eastern coast.

My last point is in connection with another form of assistance of which our west coast fishermen are badly in need. I intend to speak of it at some length on the estimates of the Minister of Public Works, and that is why I am particularly pleased that we have a British Columbian as Minister of Fisheries, one who comes not only from British Columbia but from the coast, and one who, as a private member, pleaded hard with the Minister of Public Works to obtain for the fishermen on the Pacific coast a little dredging for their harbours, fishing floats, breakwaters and so forth, which this country so readily provides for the eastern provinces. I intend to deal with that at some length on the appropriate estimates, but just now I would recall to the Minister of Fisheries his own difficulties as a private member in obtaining fishing floats for Victoria and assure him that, though he now has our solid support, he will have our vociferous support if he will go as hard after the Minister of Public Works in his ministerial capacity as he did as a private member.

Mr. GIBSON (Comox-Alberni): I should like to join with my fellow members in expressing our pleasure in the appointment of the hon. member for Victoria, British Columbia, as the new Minister of Fisheries. I assure him that he can count on the co-operation of both eastern and western coast members on both sides of the house. I should also like to congratulate the hon. member for Prince on the recognition his native province has received in his high appointment as parliamentary assistant to the minister. I think it an excellent idea that his province now has recognition in cabinet circles. I am quite sure that the Minister of National Revenue has acquired an able lieutenant in the person of the hon. member for New Westminster, whose knowledge of the fishing industry is outstanding, and who, I think I am correct in assuming, will continue to give to the fishing industry the benefit of his advice.

We are pressed for time, Mr. Chairman, and in the few minutes that remain before six o'clock I shall confine my remarks to the operation of the fisheries prices support board. A period of five months is not long enough to enable us to form a judgment of the operations of that board in the big problem with which it has to deal. This year there has been an increase in expenditures of around $140,000, which it quite a substantial item. It is important that the vast sum of $25 million—not vast in comparison with Department of Agriculture expenditures—should be used in a worthwhile manner. I certainly hope that it will not be used in some socialist experiment of underwriting the mistakes of fishermen and operators in the industry.

It is fortunate that our new Minister of Fisheries has had a vast experience in the field of selling, because what the fishing industry of Canada needs is a more aggressive sales policy. For the last eight years the fishing industry, particularly on the Pacific coast, has been living in an atmosphere of unreality. There was a ready sale for anything we packed. It disappeared from our counters before we had an opportunity to take a few cans for our own sampling. But that condition is now past, although, generally speaking, I believe that the industry on the Pacific coast is in an excellent position so far as its sales problems are concerned. But what next year will bring is a matter of concern to those in the fishing portion of the industry on the Pacific coast. However, our boats and plants are in excellent shape to enable our industry to compete in the markets of the world.

Our canned salmon pack is small and we shall have no difficulty in disposing of it. There does not seem to be the same outlook for

herring, but we can use our facilities in processing them into meal and oil to make it a satisfactory operation.

With the money that is now available to the minister through the fisheries prices support board, I trust that he will give a great deal of thought to the opportunity he now has of making fish available to the housewives all over this country. Never before was there a time when the price of beef and other meats was so high. It is the minister's golden opportunity to make fish with its valuable protein content so attractive to the housewives of Canada that we shall have a vastly greater sale of fish.

The fisheries prices support board purchased 190,000 cases of chicken haddie from the eastern coast. I believe that is all right. The only difficulty, it seems to me, is that nobody knows what to do with this chicken haddie. I do not know whether the minister has ever purchased any for his own use; but I have done some baching myself, and I know it is an excellent pack of nice white meat, wholesome and appetizing in appearance, but I have never met anybody in Canada who knew how to cook it into a tasty dish. If some spices or smoke were added to it, it would be a worthwhile product, and I would urge the minister to encourage the fisheries prices support board to do something to popularize this excellent food.

Take salt cod. The minister knows that to maritimers it is the finest food produced in Canada. It is an excellent product. It comes packed in a wooden box and is not in itself unattractive, but not ten per cent of the housewives in this country have any idea how to cook it properly and serve it to their families, although there is no finer food produced in Canada. There is never an opportunity for maritime members to purchase a salt fish cake. Even the chef in the restaurant does not know how to cook it, and if a chef like that does not know, it is not likely that our housewives would know any better how to cook it.

I would also suggest that the minister ask the fisheries prices support board to go out and spend some money in providing freight cars to bring our fish from the coasts to markets all across Canada. The fisheries research board has been doing some work in that direction in co-operation with the railroads, although I do not think the railroads have been as co-operative as they might have been. I would ask the minister to set aside sufficient money to equip two experimental cars with their own diesel-engine operated low-temperature refrigerating equipment to bring our Pacific coast and eastern coast fish into central Canada in first-class condition. I bring that

[Mr. Gibson (Comox-Alberni).]

to his attention particularly, because a little while ago in the parliamentary restaurant I had some fresh halibut from the Pacific coast and it tasted as if it had just come out of the sea. One week afterwards I ordered it again and it was like eating a piece of cotton batting. That was merely because it had not been properly refrigerated.

Progress reported.

At six o'clock the committee took recess.

After Recess

The committee resumed at eight o'clock.

FURTHER SUPPLEMENTARY ESTIMATES, 1949

A message from His Excellency the Governor General transmitting further supplementary estimates for the financial year ending March 31, 1949, was presented by Hon. Douglas Abbott (Minister of Finance), read by Mr. Speaker to the house, and referred to the committee of supply.

SUPPLY

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

The DEPUTY CHAIRMAN: The committee is considering item 95, fisheries.

Mr. McLURE: Mr. Chairman, prior to the adjournment of the debate at six o'clock I had what might be termed a rather left-handed compliment paid me by the Minister of Public Works when he said that if I started to speak he would tell the Chairman not to look at the clock. I took that to mean that he wanted me to be brief. I know that brevity is golden; but at the same time, when we are dealing with these fisheries estimates, I for one will not allow them to go through en bloc just for the purpose of accommodating some hon. members who wish to get home a little earlier to their constituencies.

The fisheries are an important item and we should look carefully into the estimates for them. Even if we have to spend an extra day or so here, what does it matter. I challenge any member of this house on either side to present a better record than mine in attendance in the chamber or in days absent during the session. For that reason I for one am not going to be brushed off too hurriedly in the consideration of these estimates.

I have noticed that on many occasions in the discussion of fisheries I have found it necessary to congratulate a new minister, for the simple reason that so many hon. gentle-

men have occupied that portfolio. The different ministers of fisheries have been excellent men, but I do not believe that the government has given them its best support. The men in that department are able men, and even if they do not get the fullest support of the Minister of Finance, the Minister of Public Works and the Minister of National Revenue, they carry on and do a splendid job.

I have spoken several times on the fisheries of Canada, especially from the standpoint of my own province; and, as I have said, I have had occasion to congratulate a number of ministers directing that department even in my short time in this house. Altogether I have congratulated nine of them, and now I congratulate the new minister from British Columbia who occupies that important position. I hope that in the near-to-hand shuffle of cabinet ministers which will take place again, he will not be shuffled into some other department. In the last four months we have had four or five ministers in the department. That is not fair to the hon. gentlemen who fill the portfolio, nor is it fair to the fishing industry as a whole.

While congratulating the minister, I wish to extend my felicitations to his parliamentary assistant, who represents the constituency of Prince, which is adjacent to my own constituency of Queens. I hope that in the position he now holds he will give his very best to the fisheries of the maritime provinces in particular and generally to the industry throughout Canada. I might also hold out this hope for him, as I have seen it expressed already in the press, that in the coming cabinet shuffle which may take place in the next month he will find himself in the musical chair occupying the portfolio of Minister of Fisheries if a shuffle is made again of the present minister.

I will not say very much more about these two newly appointed hon. gentlemen, but I hope they will spend their energies and devote their abilities entirely to the fisheries of the maritimes and generally, of course, to those of Canada as a whole. In the maritimes at the present time our second primary industry is not what it should be. We are up against many difficulties.

The department has found it difficult this year to get a market for certain of our canned and processed fish. I shall deal with that later on, because I have a question or two which I wish to ask the minister.

This debate was opened by the hon. member for New Westminster, and rightly so. Who could introduce a debate on fisheries more capably than or even as well as the hon. member for New Westminster? I have heard him on many occasions and I am always glad to listen to him. I say that for many reasons; for one thing his accent, and for another, his knowledge of our fisheries in general and particularly his knowledge of the industry in his own province of British Columbia. I doubt whether there is any other man in this house who can hold a candle to him in that regard. Another reason for which I admire him—I cannot enumerate them all—is the way in which he boosts the fisheries of British Columbia. He is just as good in that respect as he is in playing the bagpipes, and that is an accomplishment. At one time I was hoping that I would be able to congratulate the hon. member for New Westminster, but his sojourn as parliamentary assistant to the Minister of Fisheries was short lived; I do not know whether it was two days or two weeks. However, he is still occupying an important position as parliamentary assistant to another minister.

When the hon. member for New Westminster was speaking on fisheries, he spoke as if there was only one area of fishing in Canada. We have three great fishing areas, namely the west coast—British Columbia in particular—the inland fisheries and the maritime fisheries. We must all agree on this. The fish products from those three areas are the best in the world. The fish from nowhere else can hold even second place to those taken from the west coast, inland and maritime fisheries. However I think all will agree with me when I say the maritime fish are the best fish. We may not have the quantity, but, of all the fish in the world ours are the de luxe food from the briny seas. We have such fish as lobsters, scallops, oysters and mackerel—

Mr. GIBSON (Comox-Alberni): Suckers.

An hon. MEMBER: That is the taxpayer.

Mr. McLURE: —not to forget, as I did one time before, the New Brunswick salmon.

The hon. member for New Westminster, in congratulating the minister, said this appointment was British Columbia's due. In this I do not disagree with him. But in looking over the past seventeen years' history of appointments of ministers of fisheries, we find some eleven or twelve appointments; and five of those were from the maritimes, four from the inland provinces, and two from British Columbia. As I said, I do not disagree with the hon. member, because those whom he represents have a right to have a minister from the coast at certain times.

I might mention further that we in the maritimes had been promised that in 1945 we would have representation in the cabinet of this government. However, we did not get that. In 1945 I urged upon the Prime Minister

the fulfilment of his promise to give us a portfolio for the province, so that we would be represented in the cabinet. Now the best he gives us is a consolation prize, by making one of our members a parliamentary assistant.

Mr. MITCHELL: And he is a good member from Prince Edward Island.

Mr. McLURE: Yes, I agree with that. I have already said so. However I should have liked to have the promise fully implemented. As I said a while ago, probably in the next shuffle, which will come sooner or later, we may have representation in the cabinet.

There are many matters that I should like to bring up besides those I have already mentioned, but I shall deal with them as they come up in the estimates from time to time, and probably we can have the questions answered better in that way. I said a moment ago that our fish were excellent. What we are asking for today in our province is fishery inspection. We should have compulsory inspection in the whole of Canada. I know some hon. members agree with me in that, among whom I think would be a first-ranking member, namely the hon. member for New Westminster. I am sure he would also urge this on the Department of Fisheries and on the government. In this connection I placed a question on *Hansard* at page 5582. When the minister is replying I wish him to pay special attention to this question which is as follows:

Has the request of the Prince Edward Island fish canners and packers for compulsory inspection of all their canned and processed fish products been granted? If not, why not?

When the canners and packers themselves, representing the fishermen and everybody engaged in the industry, come to this department and ask for compulsory inspection, I am of the opinion that it should be granted. I hope that the minister, when he replies, will tell me and this committee that inspection for the province of Prince Edward Island, if not for the whole of Canada, will be granted as has been requested.

I shall not follow all the remarks made by the various speakers, because it would take too much time. As I said, many hon. members are in such a hurry to get away that they would be quite satisfied if I sat down immediately. However, as I said, I do not intend to be brushed aside in that way. I will take my allotted time if I want it, and then deal with some of the other matters as they come along.

Another matter to which I wish the minister to pay special attention is another request from the fisheries federation, the packers, the fishermen, and all the different organizations in Prince Edward Island. It is this:

Will the fisheries prices support board or the Department of Fisheries endorse and support a participating advertising sales promotion plan for their canned and processed fish products from the province of Prince Edward Island?

If not the whole of Canada. We are applying for this only for our own province.

If not, why not?

To those two questions I shall await the official answer of the minister when he replies.

Another matter about which I wish to speak is the educational service rendered by the Department of Fisheries. The educational service to our fishermen and to our fisheries should be, and it is, a matter of the greatest importance. That education should begin at the fisherman's equipment and should be carried on through all these stages of fishing, no matter of what kind, until the product is ready to go to the market. Then, when our fish start for the market we should have proper advertising; we should have proper salesmen, men who can go out and talk fish, who know the food value of fish, who can thus bring it before the people of Canada and find out if the consumers of Canada can be persuaded to eat, as some hon. members said when speaking this afternoon, the finest food they can eat. If they had the proper education, I believe they would start in to eat more fish. If a few pounds more were eaten by each of the inhabitants of this dominion we would find a ready market for everything our fishermen could catch.

I want to mention a matter that has to do with the Minister of Public Works. We know the best quality of fish are caught in the colder waters, the stormier seas. Consequently on the north side of our province, or any other province, where the waters are cold and the storms severe, we must have protected harbours. On the north side of Prince Edward Island we have few harbours, and we do not have the protection we should. In my constituency there is a harbour known as North Rustico, one of the best fishing grounds in the maritime provinces. I do not say it is one of the largest, but there the people really are fishermen, doing nothing else for a livelihood. On several occasions I have appealed to the Minister of Public Works for a wharf or breakwater to protect the houses, shanties and other buildings of the fishermen along that harbour. I am sure that if the matter had been presented to the minister by his engineers in a proper way, he would have seen that the work done so far is absolutely use-

less. The department should put on an engineer who will take the opinions of the fishermen and build something that will not be washed away by the first storm. During the past two years some $10,000 has been spent on this protection, but what have we today? We have not had any severe storms, but the work is practically all washed away. A few days ago I recevied a suggestion that the engineers should undertake a survey of that harbour before the fall storms begin; otherwise government property, including the lighthouse, and the buildings of the fishermen will all be washed away.

I have also been advocating the dredging of the bay so that the fishermen can bring their boats up to their own stages. Today they have to leave them a mile and a half away. In 1932 or 1933 this bay was dredged, but since then it has filled up with silt from the land, so that now we have only a narrow channel requiring a fishermen, even at high tide, to anchor his boat away down at the mouth of the harbour and carry his fish ashore. Last year the minister promised that this dredging would be done; but as yet, so far as any benefit to the fishermen goes, it is still only a promise. When we reach the public works estimates I shall forget about fisheries for a moment and take up that matter with the minister.

As I said, I am going to take up a few other matters as we come to them, and this is all I have to say in a general way. I shall now await the reply of the minister to the two questions I asked, which are found on page 5582 of *Hansard*.

Mr. GREEN: The May issue of *The Bulletin*, issued by the fisheries council of Canada, has a leading article entitled, "Right Hon. C. D. Howe says fish will be low on priority lists of goods for ERP," meaning, of course, the European recovery plan. The article points out that there is great uncertainty as to what will be the requirements for fisheries products under that plan, and I wonder if the minister could give us some light on that situation. In an address at Winnipeg on May 31 the Minister of Trade and Commerce apparently said it was unlikely that there would be much call for fisheries products, and of course that might affect us seriously on the Pacific coast particularly in connection with our canned salmon.

Mr. MAYHEW: Each country getting support from the Marshall plan decides for itself what products it wants. Our difficulty is to get the various countries to specify fish. In an attempt to have our quota established, we have been in contact with the Department of Trade and Commerce, and that is about all we can do about the matter. If these countries say they would prefer some other type of food there is nothing we can do about that. We have recognized that this is a possible outlet for some of our fish, and we have done what we could ourselves and have also pressed the matter through the Department of Trade and Commerce.

Mr. GREEN: The decision is made by the country getting the commodities. Is that right?

Mr. MAYHEW: That is right.

Mr. GREEN: What are the prospects, for example, with respect to the United Kingdom?

Mr. MAYHEW: I think the hon. member is pretty well acquainted with the situation. Our prospects are not very bright because of the dollar shortage in the United Kingdom. I am afraid that the situation is not as good as we should like to see it.

Mr. GREEN: But I mean under the Marshall plan. Have the British asked for canned salmon or other fisheries products under that plan?

Mr. MAYHEW: No. The hon. member for Queens asked with respect to the extension of fish inspection. On the east coast we are going just about as quickly as we possibly can with the number of men available. There has been inspection of pickled fish, and recently the department instituted a compulsory inspection of salted fish. The department has already announced its intention to carry out compulsory inspection of canned fish as part of the long-term program to improve quality. On the east coast there are several hundred canneries, however, and as yet the department has not available men with the training necessary to carry on that inspection. Steps are being taken to add to the inspection staff for Prince Edward Island and elsewhere. This new staff, along with the official inspectors and officials of the canned fish laboratories, will work with the cannery operators in giving advice and guidance as to quality control. Meanwhile the Fish Inspection Act is being revised, with a view to giving the department proper authority for compulsory inspection and grading.

Mr. PEARKES: The minister referred to these superior types of young men who are entering the outside service of his department in the fish inspection branch. I should like to endorse those sentiments, because a great many of those young men are ex-servicemen.

However, those who are entering in the lowest grade have been discouraged by the wages they are now receiving. Most of them are working for salaries of less than $2,000. Although an increase given earlier this year dated back to October, that increase is not on the same basis as the one which was given to fisheries inspectors grade 2. I would ask the minister to look into this question personally, with respect to salaries paid to the junior officers of his department, namely the grade 1 fisheries inspectors. He will see that the increase made this year for those grade 1 fisheries inspectors was not on the same basis as that made for the grade 2 inspectors. The grade 2 inspectors were given increases based upon their second year of seniority, whereas the grade 1 inspectors received their increases based upon their minimum salary. The young ex-servicemen affected feel that this is not quite fair.

I do not expect the minister to answer this evening, because I realize that in the few minutes now at his disposal he would not be able to look into the situation thoroughly. I am, however, asking him to make a personal investigation into the matter and to find a way in which he can make the salary increases authorized to grade 1 fisheries inspectors comparable with those authorized for grade 2 inspectors.

Mr. HAZEN: I would direct the minister's attention to the details as they appear at page 126 of the estimates. According to those details, in 1947-48 there were seventy fisheries inspectors, grade 2; and eight fisheries inspectors, grade 1, or a total of seventy-eight. In 1948-49 there are only seventy altogether, made up of five senior fisheries inspectors, forty-five fisheries inspectors, grade 2, and three fisheries inspectors, grade 1. There is one other group which I do not see at the moment.

I was under the impression that a number of new inspectors were taken into the service and that the service was to be built up. I believed that there were openings for young men, and that a number had applied. I know that in New Brunswick some were taken on. Why is it there are only seventy this year, while there were seventy-eight last year?

Mr. MAYHEW: This list gives only the permanent inspectors, and does not show the temporaries. Last year the list included temporary as well as permanent employees.

Mr. HAZEN: Why should a different method be adopted this year from that which was used last year? I know these young men in New Brunswick took their examinations and several of them were appointed. I should imagine the same would be true in the other provinces. If the appointments were made I presume they would be permanent. If the temporary ones are shown in 1947-48, why is there this change in policy in the manner of setting them out?

Mr. MAYHEW: The temporary employees are not included in this list. It will be recalled that we took on quite a number of young men last year. They are finding their way from the temporary to the permanent list. In the first year they are on a temporary basis, and when they are placed in the permanent service a reallocation is made.

Mr. HAZEN: Why are there not more shown this year than there were last? What is the explanation?

Mr. MAYHEW: This year there are 143 temporaries and 62 permanents.

Mr. HAZEN: I understood the minister to say they were all permanent in 1948-49. Apparently that is not correct.

Mr. MAYHEW: Seventy permanents were employed last year.

Mr. HAZEN: Can the minister give a breakdown of the inspectors by provinces?

Mr. MAYHEW: It would take a little time, but we can get it for the hon. member. I doubt if I could give it tonight.

Mr. HAZEN: Are there any permanent guardians? There is an item fishery officers and guardians, and I should like to know if any guardians are employed in addition to inspectors?

Mr. MAYHEW: All guardians are temporary.

Mr. HAZEN: In connection with guardians, could I have a breakdown for the three maritime provinces showing the periods they were employed last year; the periods for this year, if it is no too early to do that; what their duties were; the districts in which they were employed, and what they were paid?

Mr. MAYHEW: That will require some little calculation, but I shall get it for the hon. member.

Mr. HAZEN: I should like to have that.

Item agreed to.

97. Building fishways and clearing rivers, $50,000.

Mr. SINCLAIR: All British Columbia members have expressed their appreciation at having a British Columbia Minister of Fisheries. I doubt if there is an item in the department's estimates about which we have talked more in the past than this one covering the clearing of streams and the building

of fishways. I have talked more and got less understanding about this matter, because the previous minister from the maritimes did not understand this British Columbia problem.

Our chief industry in British Columbia is logging, which has a most detrimental effect upon many of our salmon streams. Logging creates stoppages in a great many of these streams, with the result that sockeye and other salmon cannot get up to the headwaters to spawn. We have always protested that this item was hopelessly inadequate; and it may be a welcome sign that it is increased from $25,000 last year, when the department was under a maritimes minister, to $50,000 this year, when we have a British Columbia Minister of Fisheries. But even that amount is hopelessly inadequate to do the job of clearing many of the smaller salmon streams apart from the Fraser river.

The second matter of building fishways is an old story as far as I am concerned. I have been here eight years and I have seen six different ministers of fisheries. I have in my hand a file which I have built up throughout those years in connection with one little item. The fishermen of Pender Harbour in my riding cannot understand why this bit of work has not been done. Once again I am going to bring forward this little problem at the risk of boring the committee. Perhaps I should not say at the risk of boring the committee, because the hon. member for Queens has quite properly pointed out that this matter of fisheries is of extreme importance to the two maritime coasts of this country. Every session we find that the only opportunity we have to discuss fisheries is on the last night or the second to the last night of the session. Then we are asked, like the hon. member for Timiskaming has just asked me, to hurry up because we want to get through.

We sit here and listen to complaints about wheat and coarse grains, and we never suggest that hon. members talking about those matters should hurry. Therefore I do not feel at all backward about raising problems which are just as important to the fishermen of my riding as are the problems of wheat marketing, coarse grains, fat cows and what have you.

Mr. BLACKMORE: The wheat growers are listening to you now.

Mr. SINCLAIR: That is a courtesy we gave to you, and I hope we can convey our story to hon. members as you have conveyed your story. This is a simple story and it has been often told here. The town of Pender Harbour might be referred to as the Lunenburg of the Pacific coast. It has a landlocked harbour and some excellent fishermen live there who range the entire coast. Their fishing area is not at home. However, they have a most unusual geographical arrangement, in that there is a small stream three miles from the entrance to the harbour. At one time sockeye salmon were to be found in that stream. It was logged many years ago, and the loggers built a small dam at the entrance to the creek to hold water in Sakinaw lake. When the dam was there the sockeye salmon were able to spawn.

The loggers left and the dam fell into disrepair. Although at that time it would have cost the fisheries department only $900 to repair it, they did not care to do so. When the dam went out, the level of the lake fell, exposing all around the lake for many miles the gravel bars on which the salmon used to spawn. Without the fishway, the salmon were able to get into the lake only at high tide.

Year after year the fishermen of Pender Harbour have asked the department to build a small wooden dam and a small wooden fishway at costs which ranged anywhere from a low of $2,000 to a high of $5,000. There were years when 10,000, 12,000 and 14,000 sockeye salmon were caught at the mouth of that stream. It is a particularly happy fishery, in that it is used by the young boys who are just learning to fish and old men who are too old to go out along the coast of Vancouver island and the Queen Charlotte islands, to the more remote fisheries.

Minister after minister and deputy after deputy, including the present deputy with whom I spoke in private the other evening, as well as the western director, have all said that they would examine into this. They sent a biologist to examine the salinity of the lake. This year, after a visit by the western director to the fishermen's union last fall, they sent an engineer in. They were getting real good. However, they sent in an eastern engineer who knew nothing at all about salmon fisheries, and all he did was to fall into the lake and lose his notes.

When I spoke to the Minister of Fisheries right after he had been appointed about this matter of Sakinaw lake he said he would go there to meet these fishermen. They will be delighted to meet the new Minister of Fisheries, but I do not think they will be over-impressed if once more there is to be another meeting on Sakinaw lake.

I suppose I could ask for an order for return in connection with this matter, but I am quite sure that the total of the travelling expenses for all these officials who have written reports about this matter would more than equal the $5,000 which would be the maximum cost of replacing this dam. I bring this up, so that I can go back to my fishermen at Pender

Harbour and say, "We have a new minister, and once again I have brought up this question in the House of Commons about the public expenditure necessary to restore this real sockeye salmon fishing". I should like to know from the minister what his plans are for the Sakinaw lake situation and Pender Harbour.

Mr. MAYHEW: I understand that there are four problems in connection with Sakinaw lake. The first was the salinity, but an inspection has taken place and the conclusion arrived at is that that would not interfere with the fisheries. Another problem is what the spawning beds are like in that area, and an inspection in that connection will be carried out this fall when the fish come up the river. The site for a dam has already been chosen and it is estimated that it will cost $2,000. The fourth problem is the acquiring of water rights from the provincial government. I can promise the hon. member for Vancouver North that we will give him a definite answer, either yes or no, before the end of the year.

Mr. SINNOTT: I share the views of the hon. member for Vancouver North. I believe this estimate is very small in comparison with the work there is to be done. I draw the attention of the minister and his parliamentary assistant to conditions on the Red river, where the fish ladders are in very bad shape, and in need of repair. There is not enough water running down the fish ladders for a minnow to climb up, let alone a fish. On the Winnipeg river, one of the largest inland rivers in Canada, which runs from the Lake of the Woods to Lac du Bonnet and empties into lake Winnipeg, where some of the best sturgeon in the country are caught, two big power plants have been established, and there is the immediate prospect of another one being built. The power plants which are there now have no provision for fish ladders, and the consequence is that the fish coming up the river to spawn are stopped and cannot get up. There are no fish above these power plants.

Mr. MAYHEW: If I may interrupt the hon. gentleman, he is addressing the wrong department. He should go to the fisheries department at Winnipeg. We have no jurisdiction over the area he speaks of. That is a provincial matter entirely.

Mr. HAZEN: Was a fishway erected near the mouth of the Nashwaak river near Fredericton, and, if so, what have been the results so far as the salmon are concerned?

Mr. MacNAUGHT: Discussions have been going on for a number of years regarding the dam on this river and its effect on the salmon. It is believed that something may come out of these discussions.

Mr. HAZEN: I hope that something will come out of them. I would urge the minister to look into the matter and see if steps cannot be taken, and taken soon, to have a proper fishway put in that dam. There is a beautiful river there.

Mr. MacNAUGHT: Experiments have been carried on, but there is no evidence that the dam prevents the fish from going up the river.

Mr. HAZEN: What is the position of the fishway at the mouth of the Salmon river beyond St. Martin's in Saint John county? There have been many complaints, which I understand have been looked into with a view to improving conditions.

Mr. MacNAUGHT: The officials tell me that plans are in preparation and that the work will be proceeded with this year.

Mr. HERRIDGE: In view of the international treaties in existence, why was no protest made by the Canadian government when the United States built a dam at Grande Coulee on the Columbia river and made no provision for salmon to go up the upper reaches of the Columbia?

Mr. MAYHEW: That is in the United States, but my understanding is that they did build a fishway at great cost when building the Grande Coulee dam. I do not believe it has been a great success, because the fish in the Columbia river are not going down in numbers.

Mr. HAZEN: There is another dam which interferes with the fish getting to their natural spawning grounds. I refer to the dam known as Miller dam at Newcastle Creek, in Queens county, New Brunswick. I have here a letter dated March 15 of this year from Mr. A. J. Hicks, provincial secretary of the New Brunswick fish and game association. He says in this letter:

> One of the most important issues in respect of fisheries during recent years has been the proposed fishway on the Miller dam at Newcastle creek. The Grand Lake branch has been advocating such a move for the last ten or fifteen years, but without avail. It has been suggested that the dam could very well be dispensed with. Repeated requests have brought assurance from at least two of the recent ministers that such action was contemplated, but that was as far as it went. There is a great deal more to the story, but the last experiment will probably be the installation of the fish trap in order to determine whether or not salmon use the stream for spawning.

Has that matter been thoroughly investigated, and has any decision been made about either removing the dam or installing a fishway?

Mr. MacNAUGHT: At the present moment the department are carrying on investigations to find out how many fish go up this stream. The investigation has been going on for some years, dating back to 1938, when the question first arose.

Mr. HAZEN: Was a trap put in for the first time this year?

Mr. MacNAUGHT: Yes.

Item agreed to.

99. Fish culture, $350,000.

Mr. McLURE: There is a small increase in this vote. The government purchased for the Department of Fisheries a number of old mill dams in the different provinces—I am speaking now of my own constituency—for the purposes of fish culture. Work was started at Simpson's dam and at St. Andrew's dam and was supposed to have been completed two years ago. What progress, if any, has been made with this work? I would also ask what success the department has had with lobster culture on the British Columbia coast?

Mr. MacNAUGHT: The hon. member knows a large number of unused mill dams were constructed at various times in the past for mill operations. The matter he speaks of has received a great deal of consideration over the years, and about two years ago it was decided to carry out investigations to indicate whether, by the reforming of the mill ponds through repairing the dams, the trout industry might be rebuilt. There are problems of reproduction, because a large proportion of the trout runs have been sea-running fish. There is also the matter of the fish population that can be supported in a given area, depending upon the supply of food. Arrangement for the investigation has been made with the province, the fisheries research board and this department co-operating.

I believe the hon. gentleman referred to Simpson's pond. That has been repaired and made ready for operation, and materials are now in process of being obtained for rebuilding a dam at what is known as Andrew's pond near New Glasgow, Prince Edward Island. Another site near Pownal known as Jones' or Worth's pond, has been selected, and it is hoped that the necessary work can be completed early in 1948 or 1949.

Mr. BLACKMORE: Can the minister give an over-all picture of his plans for developing the industry? This would be an appropriate opportunity for him to do so. Does he intend to do something to increase the fish population throughout the country? If so, by what device? I am not quite sure what the cost of fish culture is throughout the country, and I should like to hear something about the minister's plans.

Mr. MacINNIS: Perhaps the minister might also answer the second question asked by the hon. member for Queens as to the success of the work on lobsters on the Pacific coast.

Mr. MAYHEW: The lobster experiment on the Pacific coast I would not care to describe as a success. Some of the lobsters that were taken out and set free have been lost; but some that were in crates are still living. It is known they have molted, mated and berried as usual, but we cannot say with what conclusion. This is the fifth experiment with lobsters in British Columbia. In Washington they have had a good many and none of them to date have been successful. However, we have not yet had the final report on the last experiment.

Mr. BLACKMORE: Could the minister give a general over-all picture of his policy with respect to fish culture? I am considerably interested in this, because our fisheries are running down everywhere in Canada and that is not a satisfactory condition. For the last fifty or sixty years the general attitude of Canadians has been that Canada is something to exploit, something out of which we should make all the money we can, leaving the remains to those who come after us. That is poor management, and I cannot think of any way whereby that tendency will be checked except by a determined attitude on the part of the House of Commons. I for one wish to see that trend reversed. I wish to feel that Canada is improving in every respect, building up its forests, farms, fisheries and all the other things that go to make Canada what it is. Is the minister planning a long-range program which would envisage such a process so far as our fisheries are concerned?

Mr. MAYHEW: I do not wish to take up the time of the committee, but the amount of the estimate is $350,000 for fish culture. What the hon. member wishes to know is our general over-all plan for increasing the fishing industry in Canada. Is that it?

Mr. BLACKMORE: I might be more specific. I have heard the hon. member for New Westminster speak eloquently, enthusiastically and earnestly about the deterioration in

the salmon industry. I have never heard a minister announce a policy whereby that trend will be arrested and development started in the other direction. I should like to hear a hopeful note. Surely we are not going to allow this industry to deteriorate. The minister speaks of taking up time. Just as the hon. member for Vancouver South has said, every year during the time I have been here it has been my experience that we have never got down to fisheries until the last two or three hours, and then one has almost to apologize for spending some time on the subject. I do not know how we shall develop the fisheries of Canada if we do not take some time in discussing them, to see whether the money we vote for the industry is properly spent. Will the minister give us an assurance that everything is being done to develop the industry.

Mr. MAYHEW: I must reply to the hon. member. In the first place, the halibut fishery on the west coast had been going down nearly to nil. The halibut commission was formed and it has taken charge of rehabilitation of this fishery. We now have in British Columbia the largest halibut fishing industry—

Mr. MACDONNELL (Muskoka-Ontario): How long did that take?

Mr. MAYHEW: It started in 1927. They are doing exactly the same thing with salmon. We have the international Pacific sockeye salmon commission, one of the members of which is the hon. member for New Westminster. We contributed $1,000,000 as Canada's share in building the Hell's Gate fish ladders to increase the run and conserve the fish population of the Fraser river. We are spending a considerable sum of money, as will be noted in the estimates, on inspection and research. Our fish last year was worth in the neighbourhood of $120 million to Canada, and we are taking every step to build that up to something near what it should be. I do not know how far we can go, but our difficulty is, in part, to get the fish in good shape into central Canada. We are a little differently situated in Canada from most countries so far as our fish is concerned. Where we have our fish we have a fairly small population, and that is one of the reasons why it is more difficult for Canada to develop fisheries than it is for some other countries.

Mr. BLACKMORE: Can the minister report, in regard to the salmon fisheries, a degree of success comparable with that which he has reported in regard to halibut?

Mr. MAYHEW: It has not been going on for as long a time. The Hell's Gate ladders have been in operation for only one year. It is proving a success, and no one denies that it has been a good experiment.

Mr. BLACKMORE: What is the situation on the eastern coast? What is the particular fish about which the people in New Brunswick and Nova Scotia are concerned?

Mr. MAYHEW: On the Atlantic coast, conservation applies to lobsters and oysters, and work is being done in that direction.

Mr. McKAY: What about mackerel and cod?

Mr. MAYHEW: They are working on lobsters and oysters just as they have done with salmon.

Mr. BLACKMORE: Are they making progress comparable with that which the minister has reported in regard to halibut?

Mr. MAYHEW: They are definitely making progress in lobsters and oysters.

Item agreed to.

100. Oyster culture, $45,700.

Mr. SINCLAIR: Our oysters on the west coast are mainly from Japanese seed brought in from that country, and of course that was cut off during the war. Has the fisheries research board been able to develop a method with respect to oyster seed for the west coast, so that we can develop this industry in Canada instead of having to rely on Japan?

Mr. MAYHEW: Experiments are going on now.

Mr. McLURE: With regard to this item for oyster culture, I see there is a small increase this year in the estimate. It should be much larger, because we are not able to develop nearly the amount of oysters that the trade is demanding. What were the royalties collected in 1947, and what were the rental fees for 1947? Is the department considering doing away with royalties on all these leases in 1948?

Mr. MacNAUGHT: The royalties on the oysters marketed amounted to $510.45. The lease rentals amounted to $3,030.19. Consideration has not been given to the abolition of the royalties.

Mr. McLURE: The amount collected is so small that it is hardly worth having them.

Item agreed to.

Fisheries Research Board of Canada—

101. Operation and maintenance, $894,690.

Mr. BAKER: I do not propose to take up very much time of the committee, but I wish to commend any expenditure the Department

of Fisheries has seen fit to put in under this item 101 this year, or may see fit to put in a like item in any other year for the operation and maintenance of the fisheries research board. My wife happened to christen the ship *Harengus*, which is used by the joint fisheries board of Newfoundland and Canada for research purposes. That ship has been doing a great deal of good work. I consider our knowledge of fisheries is really only in its infancy. We should do anything that can be done along these lines. We shall learn a great deal in time to come. I shall not take any more time of the committee except to say that I am glad to see that this item has been approved.

Mr. ROSS (St. Paul's): This afternoon the hon. member for Nanaimo said something about Canada's giving up her boundaries to the United States. That sounded peculiar to me. If we give up our boundaries to the United States and so on, and if we are getting so close to that country, it seems to me that we should have been represented in Philadelphia in order to have our opportunity to name Dewey as candidate for president of the United States. I am not sure about where we stand.

The CHAIRMAN: Order.

Mr. HAZEN: I believe that about two years ago lobsters were transported by air from the Atlantic and transplanted in the Pacific ocean. This was an experiment for the purpose of finding out if those fish could be developed there. What is the result of that experiment? Not long ago I read that a most exhaustive hunt for these lobsters had been made in the waters of the Pacific, but that after a thorough search, only one had been found. What is the position?

Mr. MAYHEW: I just finished making a statement on that subject at the request of the hon. member for Queens. It is on the record.

Mr. HAZEN: That is all right, then. I shall not pursue the matter further.

Mr. MACDONNELL (Muskoka-Ontario): I should like to ask a few questions, and I do not intend to make any apology for raising them. This idea that we must scurry through at the last moment just because the government has not seen fit to bring these matters on in time is all wrong. I am sorry to hear people apologize for asking questions. It was the hon. member opposite, who, I think, had some interesting things to say, but seemed to feel that he should not say them. We should sit here just as long as there is anything to be said. I object strongly to this hurry and scurry.

I should like to ask a question about this item, which is for nearly $1,000,000. I should like to know something about the fisheries research board. I hope the minister will not feel this atmosphere of hurry, but will rather just take his time. In particular I should like to ask how this money is expended geographically because, though we may forget it, there is quite a considerable fishing industry on the great lakes, and sometimes one is concerned lest it is disappearing. For instance, I discovered that in Georgian bay, around Parry Sound, fishing, which used to be a considerable industry, seems to have perished altogether. I should like the minister to deal with that matter at some length.

Mr. MAYHEW: I will give the hon. member a breakdown by stations of the item for research:

Headquarters	$ 34,582
Nanaimo	261,775
Vancouver	111,266
Central part	35,933
Gaspe	57,117
Halifax	111,367
St. Andrews	222,197
Atlantic salmon	4,030
Atlantic herring	12,000
Toronto	19,423
Northwest Territories	12,000
East Arctic	13,000
Total	$894,690

Mr. MACDONNELL (Muskoka-Ontario): My question was not merely as to the amounts, although I wanted them. I should like to know something about what we are doing. We are spending $1,000,000 and that is an important amount. Incidentally, I notice that little is going into the great lakes area. I can speak for one part of that area and say there is every reason why more should be expended there, because the situation is bad indeed. I should like to have this question dealt with.

Mr. GIBSON (Comox-Alberni): While the minister is acquiring from the records the information necessary in order to answer the question asked by the hon. member for Muskoka-Ontario, perhaps I might be permitted to say a word. I should not like to have this vote pass without expressing the appreciation that I and all the fishermen on the west coast feel for the new idea the department has brought forward this year, in stationing a fisheries vessel a considerable number of miles off the west coast of Vancouver island, in order to assist in the development of the deep-sea fisheries on the Pacific coast. I do not think many Canadians have been aware of the tremendous wealth of marine life available to our fishermen off the continental shelf; and I am sure that the research to be undertaken

by the department under the scheme evolved this year will be of tremendous value in the development of the Pacific coast fisheries. I want to express my keen appreciation of the excellent work being done by the fisheries department in this regard.

Mr. REID: I should like to offer the minister one suggestion in reference to research work. The United States places scientists on its warships when they are at sea. At points twenty, thirty or forty miles off the coast these fisheries biologists and scientists test the water for salinity, temperature and what is known as plankton, the minute particles in the water which the fish obtain as the water goes through their gills. It is expensive to build or buy or hire a large vessel and crew and send it out to do that kind of work; but the United States have found it convenient and much less expensive to place two or three scientists on their off-shore patrol naval vessels and provide them with the necessary equipment for this experimental and investigational work outside the three-mile limit. So I suggest that this idea might be considered by Canada because I think it is high time we followed along the lines of other nations and found out more about the temperature of the water, the salinity, the plankton and so on, with a view to ascertaining where many of the species of fish go and how they travel.

Mr. MAYHEW: I hope I have not given the impression that I want to hurry through with these estimates. As a matter of fact, the very opposite is true.

Mr. MACDONNELL (Muskoka-Ontario): I do not think the minister has given that impression.

Mr. MAYHEW: I was hoping that I might get a better grasp of the whole industry, and I rather welcome these questions though I do not like to see the committee delayed. I have here a detailed report of what goes on in the various divisions with respect to this research item, and if there is any particular section the hon. member wishes me to deal with I shall be glad to do so. It would take me perhaps twenty-five or thirty minutes to read all the information I have here.

Mr. MACDONNELL (Muskoka-Ontario): I am not suggesting that. I should like to know, first, whether I am correct in understanding that the department is responsible for the fisheries of the great lakes, as it is for the fisheries of all navigable waters. Am I right in that, to begin with?

Mr. MAYHEW: No, we do not administer the great lakes. We do administer Great Slave lake and Northwest Territories and the two coasts. When you look at Canada on a fisheries map it is entirely different from looking at it from an agricultural standpoint. Altogether the coast line is nearly twenty thousand miles long. Therefore a great deal of work has to go on in many different places. This may seem a fairly sizeable amount of money, but when spread over the whole area it really is not so very much. I would offer no apologies for asking that this amount of money be spent on research, a field which is so capable of development and in which so little has been done up to the present time. Rather I would apologize for the smallness of the item.

Mr. MACDONNELL (Muskoka-Ontario): Still I want to follow this a little. The minister referred to an expenditure of some $20,000 at Toronto. Of course it may be that through some accident you did some work there, even though apparently you are not interested in inland fisheries. If you are not interested and not responsible for the inland fisheries, however, I need not pursue the matter further along that line.

Mr. MAYHEW: That $20,000 was for printing, publications and so on.

Mr. MOORE: I should like to direct the attention of the minister to a problem which confronts the fresh-water fishing industry in the three prairie provinces. I appreciate that the federal department deals mainly with the salt-water fishing industry, but in the prairie provinces we have a problem known as infestation, which has been serious in recent years. It is quite true that the research branch of the department has done a good deal in endeavouring to find a solution of this problem, but up to the present the situation has not been met successfully. I would urge the minister to look into the matter and see that further scientific work is carried out, in the hope of finding a solution of this problem, since the fresh-water fishing industry in the prairie provinces is important to us, and at the present time it is threatened by this infestation.

Mr. MAYHEW: The amount to be spent this year in that area for white fish research is $50,000.

Mr. KNIGHT: In southern central Saskatchewan we do not have much commercial fishing. However, we do have the Winnipeg goldeye, a good, game, valuable little fish, which we can catch in both branches of the Saskatchewan river. There is a mystery in connection with the goldeye, in that it is disappearing and no one seems to know why. I believe the research branch of the fisheries

department has carried on some investigation, and I am wondering how they are getting along with it and if they are finding any reason for this disappearance. Not so long ago I heard the sergeant-at-arms of this house ask some of the western members where he could get a supply of goldeye for the parliamentary dining-room, which to me is a sign that the supply is limited.

I believe smoked goldeye is almost internationally known to gourmets as a typical Canadian dish. Next to maple syrup it is perhaps the dish known to most people as most typically Canadian. The industry of catching and smoking goldeye is centred in the city of Winnipeg, Manitoba, and the greatest quantities are caught commercially in lake Winnipeg. The goldeye go up the rivers to spawn, and I am interested, owing to the fact that the southern branch of Saskatchewan goes through my home city of Saskatoon.

Various theories have been advanced as to why the goldeye has disappeared. Some people say it is due to disease. Many others hold that it is by reason of the fact that the rivers have been dammed here and there. About 1932 a dam was built across the river near Saskatoon as a relief project; and while fish ladders were built into the dam it is a fact that if you want to find where the fish are you may do so by watching the small boys who go down to the dam to fish on Sunday mornings. You will find that invariably they fish on the side of the dam toward Hudson bay, if I may put it that way. So, if the goldeye are always more plentiful on that side of the dam that seems to be proof that these dams do interfere with the spawning of these fish.

I should like to see something done in this connection. I know the department has been inquiring into the matter. This is something typically Canadian we should try to preserve, and I wish to know if the minister has any information on the matter.

Mr. MAYHEW: Goldeye investigation started in 1945, and we hope to have it completed by 1949. Up to date $14,000 has been spent, and the amount appropriated for this year is $4,500. The results of the investigation extended to Alberta and revealed a new commercial source of goldeye in lake Claire, a western tributary of lake Athabaska. Information has been obtained on spawning, growth, habits, food, physiological tolerance, net mesh size, and effect of dams. The plan is to obtain more detailed spawning information in lake Claire, continue the goldeye studies and develop management practices tc be made effective by regulation. Full information should be obtained on the life history of the goldeye, spawning areas and general distribution, and studies of the causes of depletion of stocks in lake Winnipeg continued. It has been shown that the results from trapping the young fish in the autumn in marshes and shallow lakes of the Saskatchewan delta by a series of dams constructed for the benefit of muskrats, has been one of the main causes of the depletion of this species, and it has been shown that the young fish can be flooded from these areas to deeper water by judicious operation of the dams. These flooding operations have been started, and a marked improvement in supply is anticipated.

Mr. KNIGHT: I believe that if these fish ladders were made more effective it would have a good effect. There is no doubt that the fish are more plentiful on the north side of the dam than on the south side. One can go there and get a whole bagful of goldeye in a morning on one side of the dam if he knows what bait to use. But on the other side he will get practically nothing. This appears to prove conclusively that these fish dams are not sufficiently easy to get up, if I may put it that way.

How is this appropriation being spent? The minister has told us that some research is going on. What about the actual spending of the money?

Mr. MAYHEW: The money is being spent for payment of the scientists who are doing that work at the present time. We have scientists who are studying the goldeye. We hope they will be able to make a full report in 1949.

Item agreed to.

Fisheries Research Board of Canada—

102. Construction and improvements, $75,000.

Mr. HAZEN: Is the minister in a position to tell us for how many miles off the shore of Canada the dominion government claims jurisdiction over the fisheries? I do not know if the minister is in a position to answer that question at the present time. I understand, however, that the law says we claim jurisdiction up to what has been called the three-mile limit. But on September 28, 1945, the President of the United States issued a proclamation, in which apparently he extended the limit of the jurisdiction of that country to a very great extent.

Mr. MacNAUGHT: Under what item does that come?

Mr. HAZEN: I do not wish to embarrass the minister by asking the question on this item,

if he would have it otherwise. However I would bring the matter to his attention, because it is of some importance.

Mr. MacNAUGHT: It might come more properly under the next item.

Item agreed to.

103. To provide for Canadian share of expenses of the international fisheries commission appointed under treaty dated March 2, 1923, between Canada and the United States for the preservation of the north Pacific halibut fisheries, $31,500.

Mr. HAZEN: I am speaking now without having made any careful study of the matter recently, but I have pointed out what was done by the President of the United States. In part this proclamation stated:

Where such activities have been or shall hereafter be developed and maintained by its nationals alone, the United States regards it as proper to establish explicitly bounded conservation zones in which fishing activities shall be subject to the regulation and control of the United States.

Those concessions were not confined to the three-mile limit. On the same day another proclamation was issued, which dealt with the continental shelf. That proclamation claimed rights for the government of the United States away beyond the three-mile limit, in what was described as the continental shelf.

I believe a resolution was introduced in this house at one time in this connection, but I understand that it was dropped afterwards, and we heard nothing more about it. If the minister is in a position now to answer I would ask him to tell us over how many miles off the shores of this country Canada claims jurisdiction over the fisheries.

Mr. MAYHEW: At the moment the three-mile limit is all over which we can claim jurisdiction. So far as the United States proclamation is concerned, I am informed that they have not taken any action in the matter. The government is dealing with that matter at the present time.

Mr. HAZEN: Has the United States congress ever passed an act confirming the proclamation of the president? Does the minister know if it is necessary for congress to do so before the provision would come into force?

Mr. MAYHEW: They have not passed anything that has been brought to our attention. I do not know what their law would be in that respect or whether they can do this by proclamation. At any rate the matter is now being examined by our government.

Mr. GREEN: By which department?

[Mr. Hazen.]

Mr. MAYHEW: The Department of External Affairs.

Item agreed to.

105. To provide for Canadian share of expenses of the international Pacific salmon fisheries commission to overcome obstructions to the ascent of sockeye salmon at Hell's Gate canyon and for investigating and overcoming obstructions to such salmon at other points on the Fraser river watershed, $250,000.

Mr. SINCLAIR: I notice here an amount for clearing obstructions in the Fraser river, and an amount provided for Canada's share of expenses of the Pacific salmon fisheries commission. This vote has been reduced from $300,000 to $250,000. In view of the undoubted damage by the Fraser river floods this year to both Hell's Gate and the bridge over Hell's Gate, I would have expected that this appropriation would have been larger rather than smaller. Can the minister explain why it is smaller this year than it was last year?

Mr. MAYHEW: This $250,000 is the balance of $1,000,000 on the Hell's Gate canyon project. When these estimates were prepared we had no knowledge of the present floods. If there is any special work to be done—and there will be this year—it will probably be taken out of this vote.

Item agreed to.

107. To provide for transportation, dressing and dyeing and other expenses incidental to receiving and disposing of fur seal skins accruing to Canada pursuant to provisional fur seal agreement between Canada and the United States by exchange of notes dated December 26, 1947, $550,000.

Mr. McLURE: When the hon. member for New Westminster was speaking this evening I did not know whether he said that part of the seal fisheries up in the Pribilofs belonged to British Columbia or not. I notice that he is in the chamber, and I should like to know what he said in that regard. There is an increase of $80,000 in this vote over last year. Is that because it is expected that there will be a larger catch this year?

Mr. MAYHEW: No, it is because freight and curing costs are expected to be greater.

Mr. PEARKES: I regret that the catch will not be larger, as no doubt the committee will gather from the remarks I made earlier. Could the minister tell us how much we derive from the sale of furs?

Mr. MAYHEW: The total was $469,985.

Mr. PEARKES: It is ridiculous that we should expend $470,000 last year on transportation and get in return only $469,000.

Mr. MAYHEW: That is the net profit.

Item agreed to.

108. To provide for the destruction of harbour seals, $30,000.

Mr. SINCLAIR: How much was paid out last year in British Columbia?

Mr. MAYHEW: The bounty is $5 per seal, and the amount paid in British Columbia was $13,205.

Mr. SINCLAIR: How much was paid on the eastern coast?

Mr. MAYHEW: Nova Scotia, $5,935; Prince Edward Island, $995; New Brunswick, $2,685.

Mr. HAZEN: Is that a bonus for destruction?

Mr. MAYHEW: Yes, $5 per seal.

Item agreed to.

Special—

111. To provide for assistance in the construction of vessels of the dragger and/or longliner type, subject to such terms and conditions as may be approved by the governor in council, $200,000.

Mr. McLURE: What assistance was given in connection with draggers for scallop fishing?

Mr. MAYHEW: There is no subsidy on that.

Mr. McLURE: What is the item for?

Mr. MAYHEW: This is to provide a subsidy of $165 a ton for the building of small trawlers, and a loan may also be obtained from the provinces joining in the scheme. It is to encourage fishermen to use larger and better boats on the Atlantic coast.

Mr. McLURE: The boats which the ordinary fishermen use are not of the dragger type. A certain amount of money has been voted under research to survey the scallop beds in order to find out where the best are located. This will be a good industry in the maritime provinces. Last year or the year before, support was given to two or three concerns in Nova Scotia. Application was also made from Prince Edward Island for assistance in the construction of draggers. I do not think anyone outside of one firm got any assistance.

Mr. HAZEN: How much was expended last year? How many vessels received assistance? Can the minister give us a breakdown for the maritime provinces?

Mr. MAYHEW: A total of $40,504 was spent last year, all in New Brunswick.

Item agreed to.

Special—

112. To provide for assistance in the construction of bait freezing and storage facilities, subject to the approval of the governor in council, $50,000.

Mr. McLURE: I should like to have a breakdown, especially in connection with Prince Edward Island, of the money spent last year.

Mr. MAYHEW: No money was spent last year. The available supply of bait at the various centres has long been one of the difficulties facing the fishing industry, and different plans to overcome it have been tried. While a similar item was included in the estimates last year, the departmental organization had not been developed sufficiently to enable the consideration necessary in order to establish regulations. At the moment new regulations are being placed in final shape, and it is expected that they will be promulgated almost immediately.

The plan in mind contemplates assisting in the cost of bait storage space that would be provided as an adjunct to a fish cold storage plant at present existing or to be built. Consideration would also be given to assisting in the providing of space in a general cold storage plant.

Item agreed to.

709. Fisheries inspection, including fishery officers and guardians, fisheries patrol and protection services—further amount required, $265,700.

Mr. McLURE: The hon. member for Saint John-Albert had a considerable discussion with reference to this item, and I have no doubt he wants to expand his ideas on it and find out how many inspectors we are to have and how many guardians in connection with the patrol service and the general protection services.

Mr. MAYHEW: This amount is to take care of increases in salaries. There is no significant addition to the field staff.

Item agreed to.

711. Oyster culture—further amount required, $5,520.

Mr. SINCLAIR: When this item was before the committee on the main estimates I raised the question of the provision of oyster seed in British Columbia. Up to now we have had to rely on Japan for our seed, and the result is that our oysters do not produce regularly every year. The hon. member for Queens has sent me a note asking why we did not get our seed from Prince Edward Island where oyster seed is produced annually

at our biological stations. Prince Edward Island oysters have a great reputation and are superior to the Japanese oysters we grow in British Columbia. Has anything been done in that connection?

Mr. MAYHEW: I have been told that nothing has been done. They are two different types of oysters.

Mr. SINCLAIR: How do they know the Prince Edward Island seed would not be satisfactory if they have not tried it? Olympia oysters in the state of Washington are produced from east coast oysters.

Mr. MAYHEW: The point is well taken. It is no use saying nothing can be done until you try it.

Mr. BLACKMORE: Has the minister invited the various provincial governments to meet with the federal department with a view to planning a policy of fisheries development and to give leadership to the province?

Mr. MAYHEW: A conference of the provincial fisheries departments with the dominion department is planned for this fall.

Mr. BLACKMORE: Does the minister feel satisfied that he has money enough for the work of his department, or has he difficulty in getting enough?

Mr. MAYHEW: I do not think we have been whittled down much this year. Some items have been cut, but when you can justify an expenditure you can always get the money.

Mr. BLACKMORE: I am glad to hear that. I like to see a man have money enough to do the job, and then I like to see him do the job.

Item agreed to.

Special—

715. To authorize and to provide for the fisheries prices support board to reimburse the Canadian Commercial Corporation for administrative expenses in connection with the purchase of 190,000 cases of east coast canned fish on behalf of fisheries prices support board under chapter 42, statutes of 1944 and order in council P.C. 1229 dated March 25, 1948, $7,500.

Mr. McLURE: Can I have an answer now to my second question on page 5582 of *Hansard,* reading as follows:

Will the fisheries prices support board or the Department of Fisheries endorse and support a participating advertising sales promotion plan for their canned and processed fish products from the province of Prince Edward Island? If not, why not?

Mr. MAYHEW: The department by this vote is requesting an increase for the promotion of sales. The request of the hon. member that special assistance be given to the producers of one province would hardly be feasible for the federal government. Any scheme of sales promotion in which the federal government would join with the fishing industry would have to be a national scheme. There has been no request from the fishing industry as a whole for the government to participate in such a scheme.

Mr. McLURE: There has been a request from the fishermen of Prince Edward Island.

Item agreed to.

DEPARTMENT OF NATIONAL DEFENCE

Pensions and other benefits—Militia Pension Act—

242. Government's contribution to the permanent forces pension fund, $4,109,109.

Mr. PEARKES: This amount of money is payable as the government's share toward the pension fund of personnel of the active forces. I should like to bring to the minister's attention the fact that these pensioners are very much in the same position as other pensioners across the country; and while we have seen increases made in the pensions which have been awarded to veterans under the Department of Veterans Affairs, these men I speak of are suffering from the very same handicaps as the veterans under the Department of Veterans Affairs. I realize that there are other groups of personnel, such as the superannuated civil servants, who might be classed in the same category; but I have received representations from a great many men who are under this pension scheme and who have asked whether it is not possible for the government to consider some means of increasing their pension because, when they made their contributions over a period of twenty or more years, the cost of living was very much less then than it is now. If we want to encourage men to go into the regular forces of the armed services we want to be able to offer them a degree of security when their service is passed. I would ask the minister whether he has considered the desirability of increasing these pensions. I realize there are difficulties in the way.

Hon. BROOKE CLAXTON (Minister of National Defence): That question was raised earlier in the session and I made a reply based on a statement made earlier by the Minister of Finance in connection with civil service superannuation, that these pensions were matters of contract and these pensioners were in exactly the same category as others with regard to pensions. Pensions either from the government or from civil employers could not be

altered without changing everything that had happened up to then. It would be difficult to change a particular category. The hon. member who raised the question will appreciate that those who are enjoying pensions on account of their service in the armed forces, and those who may enjoy pensions in the armed forces are in a favourable position compared with either civil servants or other employees in Canada. We feel that the matter is one which must be regarded in its entirety and that it would be impossible to differentiate between one class and the other. But I would point out something which I think the hon. member knows very well, and that is that pensioners who are former members of the armed forces are in a favourable position compared with the others.

Mr. PEARKES: I realize the difficulties that exist in this particular respect, but I cannot agree with the minister that the pensioners under the Militia Pension Act are in more favourable circumstances than personnel who are drawing pensions from other government pension schemes such as the civil service. I would point out that these men have been on service during a large portion of their lives; and, while it may not be possible to increase the pension, I suggest to the minister, in view of the fact that recently the Department of Veterans Affairs have opened hospitals across the country to personnel who are in receipt of war veterans allowance, he should confer with the Minister of Veterans Affairs to see whether it is not possible to enable those old soldiers, sailors and airmen now pensionable to have the advantages of veteran hospitals on the same basis as those recipients of war veterans allowance. Will the minister say that he will take that matter into consideration?

Item agreed to.

Demobilization and reconversion—

243. To provide for the orderly establishment and organization of the defence forces of the army, navy and air services on a peacetime basis, and to authorize total commitments for this purpose of $255,514,584, including authority, notwithstanding section 29 of the Consolidated Revenue and Audit Act, to make commitments for the current year of $227,082,515, and commitments for future years of $28,432,069 against which commitments it is estimated that actual expenditures in 1948-49 will not exceed $207,082,515.

Mr. PEARKES: This is a principal item, and it embraces really all the essential elements of this department's estimates. They deal with the army, the navy and the air force. Has the minister any suggestion as to how he wishes to deal with this question? We cannot pass this important item by just saying, "Carried". I have several questions to ask the minister, and I expect others have, too. We should have some orderly method of dealing with it.

Mr. CLAXTON: I am in the hands of the committee, and anything that hon. members wish to discuss now we might take up. That would be the right way to proceed.

Mr. PEARKES: There are many questions one would like to ask in order to get information which, in my opinion, is necessary in connection with this vote. I will deal, first of all, with the strength of the forces, which would come under the items of pay and allowances. Those items of pay and allowances are grouped under three different services, and therefore I shall have to deal with all three at the same time.

The Minister of National Defence in his statement yesterday gave certain figures as reported at page 5782 of *Hansard,* and the first question I would ask is this. The figures shown in the columns for navy, army and air force are opposite the heading "Authorized for additional commitments". What are those additional commitments?

Mr. CLAXTON: The cabinet authorized the figures of 7,500 for the navy, 18,750 for the army and 12,075 for the air force, or a total of 38,325. These were the authorized establishments for these three services and the total for the whole. Subsequently to these authorizations having been granted—I should think the date would be January or February, 1947—submissions were made to the cabinet defence committee, and then to the cabinet, for increases in the establishments for certain specific purposes, and they resulted in the additions of 375 for the navy, 1,329 for the army, and 2,121 for the air force; so that the establishments are as set out on page 5782 of *Hansard,* as stated by the hon. member: 7,875 for the navy; 20,079 for the army; 14,196 for the air force.

Mr. PEARKES: Thank you. When we come to the question of reserves, in 1946, the figure given for the reserve army as being the minimum requirements, during the presentation of his estimates by the then Minister of National Defence, was 187,864. That was not reduced, but the recruitment was authorized in 1947 only up to a strength of 90,000. That figure was given by the present Minister of National Defence in a return which was tabled during this session, to be found on page 2327 of *Hansard.* Yesterday the minister announced a target figure of 47,102, and when referring to

that he took some credit for the fact that the army had recruited up to 76 per cent of that total.

This is the first time I have heard of this target figure, and I must say it is a unique method of bringing units up to strength by cutting the establishment in half and then declaring that the unit is approximately 70 per cent of strength. A somewhat similar case, and I fancy a more serious one too, is that in connection with the Royal Canadian Air Force auxiliary squadrons. In 1946 the figure was set at 4,500. The limitation imposed by the present minister in 1947, which was, I believe, approved by parliament, was 3,121. My authority for that will be found in the figures given by the minister on March 10 of this year, as reported in *Hansard* at page 2059. And now we have a target figure of 2,632, and we find that the percentage is only 32 per cent recruited. I hope there is not to be any further reduction in order to bring the percentage up. When was the decision made to set this reduced target figure, and has any announcement been made before with regard to that?

Mr. CLAXTON: Yes. The first question raised by the hon. member was with regard to the figure set for the establishment of the reserve army, at a total which he gave as 187,864, which I have not had a chance to verify but which I accept. That is the establishment set out by my predecessor for a reserve army of six divisions, which would be the scale of organization for all Canada in the event of an emergency. But I think the hon. member would be the first to admit, on the basis of his own experience, that anything like that figure would be quite out of the possibility of our raising in peacetime. Establishments are set by units and by strengths, and they are intended to be a description of the force that we would have in the event of a total mobilization. When that was set out, I think the minister of defence of the time indicated that the target for that particular year was something a great deal less; and from year to year the defence services set their targets based on what they believe they can train and on what they believe they can get. Both factors are taken into consideration.

The figures for the navy, army and air force for this year were set out by me in my statement yesterday at page 5782 of *Hansard*. There is no need to repeat them. But the figure set out for an establishment of six divisions remains as it was set out by my predecessor, in 1945, at the figure described by the hon. member. There is a difference between the establishment and what one can do with activated units and their staffs of officers, N.C.O.'s and men.

Mr. PEARKES: Yes, I agree. I think the minister will recall that I referred some years ago to the fact that this original figure was a foolish and boastful statement to make. I am quite certain that it is beyond the realm of possibility. I want to emphasize the fact that here we started out with an organization, as the minister has just said, based on six divisions. He found in 1947 that it was impractical to get anywhere near that number, so he reduced it until we were down to 90,000. Then, because he has found this year that it is impractical to reach that figure, he has cut it in half again. The semblance of six divisions has gone up in air; it has vanished. There is not even the vaguest skeleton. You may have it on paper, but when you have cut so drastically as that, I think you will agree with me that the idea of six divisions is at the moment not within the realm of reality.

I wish to emphasize this point. It is just supporting what I said yesterday that we are trying to build on time-honoured, though time-worn-out formations, and present conditions require an entirely different approach to this subject of national defence. I think this is strong evidence in support of what I said then.

May I ask another question with regard to the strength of the active army, particularly the field force? We have been told the units—or if we have not been told, I think it is generally known—comprising the field force or, as it has sometimes been referred to, the mobile brigade. Will the minister give us the total number of men in the field force, or the mobile brigade as it has been referred to? If he considers it fitting, I should like to have the numbers by units. But he may feel that, for the purposes of security, it is not advisable to give that information. If he will give the total, well and good. But if he can give us the numbers by units, I should like to have that information.

Mr. CLAXTON: With regard to the hon. member's first remarks, there is a great deal in what he said with which I might agree. But the idea of setting out a six divisional set-up is not to provide targets from year to year for us to aim at, but rather to provide the nucleus upon which we could build and organize should a national emergency occur. There was never any intention, as he knows, that we should recruit to anything like the strength of 187,000.

With regard to the mobile group, as he himself suggests there may be some reasons

of security why we should not give the actual strength, unit by unit. I can tell him that, of the present total strength of men in the army of Canada, about twenty per cent are in the mobile brigade. Our expectation is that that percentage will increase as recruiting goes on. As I indicated yesterday, the armoured and infantry battalions are undergoing unit training at Petawawa and also at Wainwright, Shilo, Chilliwack and Valcartier; and this will be the first summer in which we will be able to have unit training for that force. As I think the hon. member knows—and I will be frank with him—it will be extremely difficult for us to protect that force from other demands. When, for example, the emergency occurred in the Fraser valley, the training of some units had to be interfered with, when they were sent from as far away as Calgary; and every now and then a demand for an extra commitment is made from here or there. On that account I was very glad indeed to be able to announce yesterday that we are going to recruit over and above our target, so that we hope to build up the force as speedily as possible, and train it as well as that may be done.

Mr. PEARKES: Then I take it that this is the first year in which any grouping of these regiments into a field brigade has taken place?

Mr. CLAXTON: As battalions, that is right.

Mr. PEARKES: This the first time as units?

Mr. CLAXTON: That is right.

Mr. PEARKES: So, that, as a mixed brigade or brigade group they have not yet had any training as such?

Mr. CLAXTON: That is right.

Mr. PEARKES: Then the minister referred to the Fraser valley, where a number of reserve army units have been training. Will the personnel of those units be authorized to carry out their annual thirty days training in addition to the time they have spent in the flooded area?

Mr. CLAXTON: Yes, they certainly are authorized, and the army would be very glad to see them do it. But these men have already given from their ordinary civilian occupations periods of time dating from May 23, when the first unit came out on active service in Kimberley. Whether or not they will be able to devote more time to training this year will depend on the individual unit, but we shall be prepared to provide pay and allowances for every officer and man who may be qualified to train, in addition to anything they may have received in respect of the service they rendered in the flooded area.

Mr. PEARKES: Even though that training is done at local headquarters and not in camp?

Mr. CLAXTON: Yes.

Mr. PEARKES: Because all these units give additional time?

Mr. CLAXTON: Right.

Mr. PEARKES: I am not going to take up much more time, but I want to ask one question regarding the Royal Canadian Air Cadet Corps. In the past it has been customary to take these lads to some camp adjacent to or right in one of the R.C.A.F. stations and give them certain instruction in regard to the machines generally. In addition, some of the boys are permitted to have flights, in order that they may become air-minded in the early stages. But before they are permitted to go up as passengers, they have to obtain waivers from their parents. That is acting as a deterrent to some of these boys because their parents are not prepared to sign the waiver. They feel that, as long as the boys are in the uniform of the R.C.A.F. and training, perhaps with the idea of ultimately joining the auxiliary service, they should not be required to do so. Surely we have sufficient confidence in the R.C.A.F. to believe that there is the minimum of risk involved when these boys are taken up. If we want to encourage them to take an interest in the air arm, surely this country can afford to accept whatever risk there may be. So I would ask the minister if for the future he will cancel the regulation which makes it necessary for an R.C.A.F. cadet in uniform to obtain from his parents a waiver in favour of the government before he is permitted to go up on a sight-seeing or passenger flight.

Mr. CLAXTON: Royal Canadian Air Force cadets may fly either with R.C.A.F. pilots in R.C.A.F. planes or, as is the case with the great majority, in planes of the royal flying clubs, which are civilian-owned and operated, and work under contract with the Department of National Defence. I am not quite sure whether waivers were required in the first instance; I would rather doubt it. They might have been required in the second case, but certainly I shall look into the whole question. As a matter of fact, this business of waivers with regard to liability in respect of people flying in R.C.A.F. planes has been the subject of active consideration by the department over the last five or six months. It involves difficult legal problems; and the bill I had hoped to introduce in the house to deal with all these

matters had a clause with respect to it. We are still looking into the matter, and I shall be glad to take the hon. member's representations into consideration.

Mr. PEARKES: I know that last year cadets flying in R.C.A.F. planes were required to obtain waivers before they went up.

Mr. LENNARD: I want to make a short reference to the sea cadet movement. As I pointed out to the then minister of national defence two years ago, when pay and allowances were brought in for the officers on the training establishment for sea cadets, any remuneration they received should be in the form of allowances, because their pay is subject to tax. That creates a hardship on these men who are training the sea cadets. I have personal knowledge of these matters, because for several years during the war I was active in the sea cadet movement. Hardly a month goes by when these sea cadet officers do not provide out of their own funds something for the boys in their units. That always has been and probably always will be the case, and it is a hardship to put them on pay and then have that pay taxed in some cases up to a considerable percentage of the total. That is not encouraging. I bring this matter to the minister's attention because I consider it to be unfair.

I should like to ask one or two questions with respect to the navy. I am sure the minister is quite conversant with the situation, but I would remind him that a year ago one of the great complaints in Halifax was that the married personnel did not have suitable housing accommodation for their families. I know several chaps who were extremely interested in their work, but who were greatly dissatisfied because their families could not be properly housed in Halifax and, in some cases, had to remain in central Canada. Perhaps the minister would state just what the situation is now.

Mr. CLAXTON: With respect to the men who, as the hon. member quite rightly said, and as I agree, give their time to the work of the sea cadets and then find their pay subject to income tax, I would point out that they are in the same category as all members of the reserves of the three services. That involves a large question which I am afraid I must leave on the lap of my hon. colleague the Minister of National Revenue. I have had some discussions with the Minister of National Revenue and the Minister of Finance in this connection, because I feel, with the hon. member for Wentworth, that it is an important consideration. Having been, as I think he was, one who served and gave all his pay for some considerable time to this kind of work, it is hard to pay income tax on it after you have given it away. So I can assure the hon. member I have made representations to my colleague ,and I shall be reinforced in those representations by the remarks he has just made.

I must say, of course, that from their point of view there is the desirability of trying to get everyone in Canada to pay income tax. Those are two factors to be considered. We would like very much to have this pay and allowances for part-time servants of Canada in the reserve forces when they are working in the navy, the army, the air force or the cadets regarded in the same category. But thus far we have not been able to work it out. I shall keep the matter in mind however, and I shall be glad to put forward the hon. member's representation.

With regard to married personnel at Halifax, we have, as he knows, a program for building married quarters which I announced in the house a month ago. The number of units planned for Dartmouth is eighty in the next year, and that will do quite a lot toward relieving the worst of the situation there.

Mr. LENNARD: Have any been completed in the last year?

Mr. CLAXTON: Quite a number of conversions have.

Mr. LENNARD: That is additional accommodation.

Mr. CLAXTON: Yes.

Mr. LENNARD: Another matter I would bring to the minister's attention is a complaint made by many of the naval personnel stationed at, we will say, Halifax, whose homes are in central Canada. They find it difficult to pay their fares on their annual leaves. Has any consideration been given to issuing an annual warrant for annual leave to their home destinations?

Mr. CLAXTON: That is a matter under active consideration. If it were only a question of the navy which, as the hon. member knows, is centred chiefly on the two coasts, at Halifax and Esquimalt, it would not be a very difficult matter. But we have tried to put all three services on an exactly equivalent basis with regard to pay and allowances. Once you step out of that extreme situation of Halifax or Esquimalt, you get into the realm of considering such places as Borden, Shilo, Rivers, Chilliwack, Valcartier and so on, with all the difficulties involved in trying to arrive at some basis of a fair allowance. That is a matter under active consideration.

Mr. LENNARD: I know some months ago there were some complaints about food in the navy, especially when personnel were at sea. Has the allowance for food per day per man been raised in the past twelve months? I believe it was sixty-two cents per man per day a year ago. Is that correct? Has the allowance been advanced since then?

Mr. CLAXTON: The ration has not been increased, but the cost of the ration has increased in accordance with the increase in the cost of living. I might say that, to provide for conditions at sea, the navy receives an extra allowance over and above that received by the army and air force personnel. I believe the amount is five cents a day. I must say my experience, from moving around and eating meals served the men in a great many establishments and ships is that, by and large, the meals are very good. I might not have arrived at the right time, but I have sat down with literally hundreds of men and talked with them and never had complaints about the food. I have had lots of complaints—but never about the food. If there is any complaint about it I would suggest that it is not due either to the amount provided to buy food or to the size of the ration. It might be due to the conditions of service, or the way in which the food is presented. We are trying to improve that steadily in the navy, as in the other two services.

The hon. member, who is very much interested in this, might find some considerable improvement in that respect within the last twelve months.

Mr. LENNARD: I have had some little experience. There is one thing I do know about the navy, and that is that, generally speaking, the officers get the same food as the men. Probably, when the minister was dining he was in the wardroom.

There is another matter I should like to bring to his attention, and this applies to the men at sea. It is not right that they should eat their meals in quarters where their clothing is hanging and where different equipment is scattered about. If a cafeteria system were set up, and it were placed in a location apart from their sleeping quarters, it would be a great improvement.

In this respect I believe the United States navy allows, or some months ago did allow, $1.10 a day per man for food alone. I understand that food in the United States navy is very good. I believe the complaint in the Royal Canadian Navy has not been as to the quality of the food. While it may have the required calories, it does not have the bulk. I believe that if many of these young lads had more bulk it would solve much of the difficulty. If they received more bulk they would be better satisfied. They complain about the small quantity of food. The nutrition may be there, the calories and all that sort of thing which they require for sustenance, but they do not think they receive enough of it. That is something the department should consider.

Mr. CLAXTON: I can assure the hon. member that I am very much interested in this question of food for the troops. One of my sins for a very short period of time was that I was a quartermaster sergeant in world war I. It is a confession I have never made before.

Mr. MACDONNELL (Muskoka-Ontario): I always thought you were a sergeant major.

Mr. CLAXTON: I graduated from the first post to the second. On that account, as well as others, I have been interested in this subject; and when I have made inspection tours I have found, as have other hon. members who have had the experience of inspecting, that things tend to be a little laid on. I have two or three things that are of particular interest; one is fire protection and prevention; another is food, and another is living accommodation.

Mr. GREEN: Were you ever a cook?

Mr. CLAXTON: No.

With regard to the remarks of the hon. member for Wentworth, I did have the good fortune to visit San Francisco last August on my way to Australia. While there, I did a most improper thing. I was being shown over a dockyard by the admiral who was in charge of arranging the tour, and suddenly I said to him, "Do you mind if I see the messing accommodation in one of your destroyers? I have heard that they are better than ours in that respect". He said, "No, not at all; step aboard anyone you see". We went aboard a destroyer in process of refitting, and went over it. It was rather like our Tribal class in size and style. I saw there the messing and bunking accommodation, and also their cooking arrangements. I had just been over one of our Tribal class; in fact I spent a day on her, so I had become familiar with the accommodation. I must say that, in consequence of that, I am not sure which system is the better. If you divide the accommodation available for the men into bunking arrangements and messing accommodation you have very much constricted quarters. I am not too sure that our arrangement is not the better.

With regard to the galley and refrigeration arrangements and all that, ours were just as good as theirs. It was an interesting experience; and it left me, being interested in the

subject, with an open mind. Certainly it is a thing that has to be followed up and watched.

With regard to the cafeteria system, we follow that almost entirely throughout the shore establishments and big ships. It is applied in part on the small ships.

Mr. LENNARD: I notice that the amount for the sea cadets is increased this year. Is that because of increased camp accommodation, or has the service grown?

Mr. CLAXTON: The arrangements with regard to the sea cadets provide for the same number, but the cost of accommodation has increased.

Mr. McKAY: In order to preserve a quorum in the chamber, may I suggest that the radio which is being listened to with such rapt attention out in the lobby be moved either into the chamber or into the opposition or government lobby, so that we can all hear it. It seems to me that hon. members are more interested in the Louis-Walcott fight than in transacting business. May I make another suggestion? While the minister is giving full and complete replies to the questions being asked, it seems to me that his replies might be more brief and not take up so much time. We are not going to finish much business tonight.

Mr. GREEN: There are four or five questions I should like to ask, the first having to do with the reserve army. In other days it was recognized that if Canadian troops had to fight they would be fighting abroad, and that gave a longer time in which to train our forces. Now we hear that any war which may occur may be fought, at least partly, in Canada. When the minister and his predecessors have spoken of the armed forces they have always emphasized that fact.

As we all know, we are to have a small active army. There is to be only one mobile force, which at the moment is not recruited up to strength. The main force is to consist of the reserve army. It was pointed out back in 1945 that the policy was to have six divisions and, I think, two corps staffs. I have the *Hansard* here, and the minister's predecessor stated at that time that the total number would be between 135,000 and 150,000. It is now evident that we are not going as far as he had planned in making preparations for the building up of that force.

How long does the department consider it will take to put that reserve army into the field as a fighting force? I think we are entitled to have that information. It may very well be that the plans are such that the force could not be put into the field for a long time. If the job is to defend Canada in these days of warfare in the air, in these days of no warning that war is coming, the reserve force may never have a chance to get into action. That is one of the key factors to keep in mind when we are determining what our defence measures should be. Can the minister answer that question?

Mr. CLAXTON: That is one of those questions where one would have to know when the war broke out, who the prospective enemy was and what he was doing. I cannot answer that question. If it is related to invasion of Canada, then by whom—I should like to ask that—and with what force?

Mr. GREEN: I do not think that is a fair question for the minister to put to me. He said yesterday that a certain nation could send over 1,000 planes.

Mr. CLAXTON: I never said anything of the kind; I said exactly the opposite.

Mr. GREEN: That they might send them over.

Mr. CLAXTON: I did not say that.

Mr. GREEN: Then let us forget about that. I think the minister went pretty far yesterday in the statement he did make. But surely the department has in mind how long it would take to put the reserve army into the field. Suppose war were to break out a month from now or in six months from now; how long would it be before we had that reserve army in the field? I point out to the minister that this is vital, because that is the force on which we must depend for our defences. If the department cannot give that information then I think it should be able to.

Mr. CLAXTON: Neither this department nor any other department in any country of the world can give that unless you give the assumptions on which we have to work. You give us those, and I will give you or I will get my experts to give you the answers. I am not going to give any carte blanche answer to that kind of question, because there is no doubt that I would be wrong.

Mr. GREEN: I do not ask for the exact length of time, but surely the department must know approximately how long it would take to field the reserve army.

Mr. CLAXTON: For what purpose, where and when?

Mr. GREEN: In Canada, for the defence of Canada.

Mr. CLAXTON: We can do a certain job tomorrow and a much bigger job next week and so on. It will go on, on that basis.

Mr. GREEN: Of course that is really no answer at all. I take it from the answer the minister has given that he does not know.

Mr. CLAXTON: I know how difficult it is to answer that kind of question unless I have the facts and assumptions on which it can be answered. I have seen enough of staff course problems that are put to staff officers to know they must have the assumptions on which to give answers. You give me the assumptions and I will get the staff officers to give you the answers, but I cannot give answers without the assumptions.

Mr. GREEN: I suggest that the minister put his staff to work on that question.

Mr. CLAXTON: They have worked on questions of that kind. If you provide the assumptions they will provide the answers.

Mr. GREEN: When the minister is expecting the citizens of Canada to form an army on a voluntary basis, some guidance should be given to them, more than is being given by these answers this evening. We have to get down to bedrock to a much greater degree than the minister has done.

Just about a month ago there appeared a Canadian Press dispatch in the Vancouver papers, headed and reading as follows:

U.S. still maintains two bases in north.

Canadian landing fields kept up by Americans to prevent disuse, Ottawa, May 25.

Defence department officials have confirmed a Washington report that members of the United States armed forces still are maintaining two Canadian landing bases on Canada's northeastern frontier.

The Washington report said housing facilities were being built by the United States at Frobisher Bay and Fort Chimo.

It was understood the maintenance crew was a carry-over from the second world war, when the then highly-secret "Crimson Route" was established. The route was a series of landing fields established for short-range aircraft being ferried across the Atlantic.

Since the war, rather than have the air fields fall into disuse, Canada had agreed with the United States that the fields be maintained by American personnel, an official said.

Why should Canada not be manning these two posts herself? Why do we have to have the United States manning these two posts in northeastern Canada?

Mr. CLAXTON: In consequence of our arrangements for joint defence, the United States undertakes certain jobs and the Canadian government undertakes certain jobs. The United States asked our agreement to their rebuilding some of the quarters at Chimo and Frobisher Bay which were unfortunately falling into a state of disrepair, and also to building some married quarters. Those married quarters are being built for us at our expense as well as for them. We agreed to that being done. At the same time we are doing joint operations for them in our north. At one place it is convenient for one country to do it, and at another it is convenient for the other country to do it.

Mr. GREEN: Is there any reason why Canada should not be manning her posts herself? It would be perfectly all right to let the United States use them, but why should Canada not man them herself?

Mr. CLAXTON: Why should the Americans not contribute to the cost of manning posts which they themselves are occupying in accordance with our arrangements? I cannot see any objection to that.

Mr. GREEN: It is all right for them to contribute, but why should Canada not be manning these posts rather than the United States?

Mr. CLAXTON: I am not too sure about those two posts. There are three posts, I think, in Canada, and they are rather small ones, in respect of which the number of United States personnel is larger than the Canadian personnel. That is only three out of quite a number. Generally speaking, there is a Canadian in charge and there are more Canadians than Americans in these places. If there are any exceptions it is because the United States has a particular interest in a particular place, but gradually we will take care of that.

Mr. GREEN: I suggest to the minister that these two posts should be manned by Canadians. Let the Americans use them all they wish, but I cannot see any reason why we should not be manning them with our own personnel.

Another question has to do with the Canadians who served at Hong Kong. As the minister knows, these men have not yet been given Pacific pay. The 1,600 odd men who were recruited in 1945 to go to the Pacific did receive Pacific pay; but these other young men who went to Hong Kong in 1941 and suffered hardships and abuse such as no other Canadian troops have ever suffered since confederation, are not paid Pacific pay. The matter has been raised in the house on other occasions, and just this week we find in the report of the special committee on veterans affairs that a brief was heard by the committee which was submitted by the veterans of Hong Kong. The

committee forwarded the brief to the Department of National Defence because, of course, the committee had no power to act upon it, since they were dealing only with questions having to do with the Department of Veterans Affairs.

We on the Pacific coast feel deeply about this matter. These young men went out from Vancouver harbour on that ill-fated expedition. Many of them are now in hospital in Vancouver, and we can tell by looking at the men themselves, even though they are fit, what they have been through. On June 21 an editorial appeared in the Vancouver *Province*, entitled, "Must They Fight Twice for their Pay?" I think that editorial sums up the sentiment of Canadians from coast to coast with regard to these Hong Kong veterans. I do not think any reason can be given for withholding from them that Pacific pay. Certainly paying them the difference between the old rate of pay and the Pacific rate of pay can be no compensation to them for the sufferings they endured in Japanese prison camps, and I hope that the minister can announce to the committee tonight that these men are to receive the Pacific pay. May I have an answer?

Mr. CLAXTON: If pay were any compensation for sufferings—

Mr. GREEN: It would be some.

Mr. CLAXTON: —I would be only too happy to make the announcement my hon. friend wants. This question has been before the government since, I think, late in 1945. It has been considered on a considerable number of occasions. I have had quite a number of communications from the Hong Kong Veterans Association of Canada, and the matter has been given active consideration. Since then, that association has appeared and made a very good presentation to the committee on veterans affairs. I shall be very glad that the matter be once more brought before the cabinet for consideration.

Mr. GREEN: My final question has to do with the financial assistance given to the reserve units. I have received a submission from a commander of one of the units on the Pacific coast. As the minister knows, I have shown him that communication. This commanding officer suggests that there should be an allowance to each regiment of between $3,000 and $4,000 a year. His particular regiment is now getting $824.18 a year. He is an officer with an excellent fighting record overseas and an excellent record in the non-permanent active militia before the war. He has gone back to the command of his regiment and was out on duty with it for several weeks during the floods in British Columbia. I think his submission is absolutely correct. He points out, if I may quote two paragraphs from his letter:

> To the writer's knowledge, based upon some years of experience in the non-permanent active militia and the reserve army, N.P.A.M. units and reserve army units by and large have never received sufficient military allowances from the government to cover the actual cost of running the units, the operating deficits of these units being made up by donations of pay from serving personnel—

Not only from the officers but also from the men.

> —or by donations from wealthy benefactors, or both.
>
> It is the writer's strong conviction that reserve army units should receive government allowances in accordance with the type, strength and location of the unit, sufficient in amount to enable the commanding officers to run a successful and aggressive unit without having to depend upon donations from either within or without the unit to cover such expenses.

Our reserve army is serious business. We are expecting it to defend this country, and I think the day has gone by when the officers and men should be compelled to put up their own money or go and find a sugar daddy and make him an honorary lieutenant-colonel or an honorary colonel in order to get the finances with which to run the regiment. I do not think that is in line with the beliefs of the Canadian people. I do hope that at the present time some better arrangement can be made for the financing of these reserve units.

Mr. CLAXTON: This question has been an active one with the department for a number of years, and last year we had a meeting with the council of defence associations, representing the various corps of the Canadian army. The consequence of that was to increase the unit allowances and change the capitation grants in respect of each unit. Since then, we have had two meetings of members of the council representing the reserve associations, and they are giving us figures on how this is working out. I think our feeling is along the lines of those represented by the hon. member for Vancouver South, and that some further adjustment must be made. We are in close touch with the representative of the reserve associations and the matter is receiving active consideration. Our expectation is that some further grant may be made.

Mr. SKEY: I wish to support as strongly as I can the remarks of the hon. member for Vancouver South in regard to the Hong Kong veterans, and it will not take me more than a few sentences to state my position. I was pleased to hear the minister say that his

department was still considering it sympathetically, but I must add that eighteen months constitute quite a long time to have had the matter under consideration, and action is about due. In fact, it is long overdue.

These men are being denied their just rights on the merest of technicalities. There is no need for me to argue their case tonight, their cruel imprisonment and their great courage. I wish the minister had been present when they presented their brief in the veterans affairs committee.

Mr. CLAXTON: I had already received it.

Mr. SKEY: I am glad to hear that. They showed great sportsmanship. They did not come with a grievance but came simply to give us the facts. The Canadian people were, I know, glad to do everything they could to rehabilitate Canada's veterans. That was one thing that went through the house with unanimous consent, if we ever had unanimous consent. The Canadian people do not want this matter left on their doorstep. If they owe a debt to any of the veterans of Canada for their service during the last war they owe it to the Hong Kong veterans, and they do not want it left on their doorstep. I hope the minister will be able to get his department to come to a decision shortly.

Mr. MACDONNELL (Muskoka-Ontario): As I have listened to the debate, and I have done so for quite a while, I confess that a feeling of bewilderment has come over me. I did not know whether I was taking part in a solemn farce. Either we believe that we need some defence, or we do not. One hon. member last night assured us that we did not need any, because he could give us his assurance that no danger would arise. Unfortunately, I cannot say the same. As I say, I have had a feeling of bewilderment; I did not know whether this was a serious discussion or a sort of Gilbert and Sullivan comedy.

Apparently we have a skeleton; not a complete skeleton, I gather. As I listened to the hon. member for Nanaimo describing what was going on, that feeling of bewilderment which I have already suggested came upon me all the more forcibly, coupled with a sense of a farcial element in this whole matter. Take the "target". That struck me as a most diverting idea. You have an establishment which you cannot reach, so you cut it in two, and when you cannot reach it you cut it in two again. It reminds me of the story of the man who came to a banker with a number of worthless stocks on which he wished to borrow money. He valued them high enough to show a surplus, and the banker said, "Mr. Smith, if you only valued all those securities at twice as much, you would have twice as great a surplus." I think we are in very much the same position.

When I heard the minister say, not without some complacency, as I thought, that we were almost as good as we were in 1939 or thereabouts, it struck me that there were farcical elements in that too, because we all remember the position in which we found ourselves in 1939.

I do not wish to stop there and leave the impression that I am blaming the minister or that I think the minister has no answer. In one way, he has a perfect answer, and I think he has given this perfect answer. That answer is that he cannot get people to enlist, that we know there is full employment, and that we know, therefore, that conditions are such that we can have only a skeleton of a skeleton.

But my complaint is this. The people of Canada are not allowed to know that. If the people of Canada knew they had only a skeleton force, a force that could not do anything; if they knew they were defenceless, and if, having that knowledge, they said, "All right", that would be up to them. If they have no patriotism left, or if they accept the view of the hon. member for Cape Breton South, that there is no danger facing them, that is their concern. But I suggest that it is the duty of the government to tell us the truth, to let the people of Canada know the truth, and not to let items appear in the press such as I read yesterday. I read an item in the press yesterday to the effect that the Minister of National Defence was quoted as saying we could defend ourselves against 1,000 aeroplanes. I thought he must have been misunderstood. But there, again, I do not blame the minister.

Mr. CLAXTON: You do not blame me for what appears in the press, do you?

Mr. MACDONNELL (Muskoka-Ontario): No, but I am blaming the minister for this, that the impression has been left throughout the whole course of this debate that things are not so bad; that we are doing not so badly; that there is nothing really much to worry about, and so on. My complaint is that the people are not being told the truth. The people should be told the truth; we here should be told the truth, and if the people are told the truth and they accept the situation, that is up to them.

Mr. PEARKES: I can hardly allow the minister's answer to the hon. member for Vancouver South to pass without some challenge, and that is regarding the length of time it would take to put some of our forces

in the field. It is inevitable that, in the proposals to which the minister referred yesterday, plans must be drawn up as to when the first division, or the second or the third division, could be mobilized if they were required. Similar plans existed, to my knowledge, in 1939. We had the example of 1939. We know how long it took for the first division to leave these shores. War broke out in the early part of September, and in early December the first division, untrained, left Canada to complete its training in the United Kingdom, where fortunately it had quite an extended period before being required to go into action.

I am not going to press the minister to give an answer. I do not believe it is in the interests of the security of the country that he should give an answer, but I refuse to accept the idea that no plans are made as to when, under certain sets of circumstances, troops can be made readily available. I suggest that it is not in the interests of security to announce those plans, but I wish that we might have a little more honesty in that respect. I have mentioned the time it took for the reserve army as trained in 1939 to be able to leave Canada to go to the war in that year. I do not think there is any need to labour the point. I said yesterday that the reserve army is no more efficient today than it was in 1939. It has not had unit training. The minister admitted, and it is known everywhere, that we have been concentrating on the training of officers and non-commissioned officers. I do not know that anyone will grumble with that policy, but the fact remains that it is highly doubtful whether the first division of the reserve army today could be mobilized any more speedily than was the case in 1939.

Mr. SKEY: I wish to follow up the point made by the hon. member for Muskoka-Ontario and refer to the situation in connection with enlistment in Canada. I say to the minister it is my sincere belief, though there may have been improvement lately, that his difficulties with proper recruiting stem from one source and one source only, and that is the rates of pay which the armed services are offering. I think he told us in his speech that they had increased by ten per cent. As the minister well knows, the cost of living has gone away beyond that. It has risen 50 per cent. The cost of food is 90 per cent above what it was in 1939.

These rates of pay are quite out of line with present-day living costs. More than that, they are technically out of line, because the soldier, the sailor and the airman of today are quite different fighting men from what they were in 1914-18 or perhaps even in 1939. As the minister said in his speech, the infantry man has at least six different sets of weapons to learn; the sailor must be a specialist in wireless, radar or some other technical side of naval work; and, as we all know, the airman has a tremendous number of technical requirements to fulfil before he is of any use in that sphere.

These men have jobs they can do in industry. If the minister wants them to go into Canada's active service forces, he must offer them a rate of pay that is at least somewhat competitive, and a ten per cent increase over the rates of pay during the war is certainly not enough to attract men with the technical capacity to master the techniques required in the armed forces of 1948.

Mr. BLACKMORE: I wish to associate myself with the remarks made by the hon. member for Vancouver South concerning the Hong Kong men. It makes me feel ashamed to be a Canadian when I learn that the Hong Kong men are still being considered instead of their being rewarded for the kind of experience they went through. It passes my understanding how the officials of the department could disregard in this case the fact that these men went over there untrained, into almost certain calamity—and they went over there under several other circumstances that were altogether undesirable—purely because Canada was not properly prepared. Then they went through probably the most awful experiences that any group of men in the war went through. In many cases their health was permanently destroyed. Their chances for happiness are, in most cases, gone, if I am correctly informed. Now we hear about their being considered, instead of being rewarded as heroes of that kind ought to be rewarded.

I would say in a general way that if the minister wants an explanation of why his recruiting is not progressing as he would like it to progress, he will find one of those reasons in the fact that rumours have gone over this land concerning the way in which we have treated the Hong Kong men. These stories get about. I wonder how many members of this house right now would like to see their boys, if they had any, go into the army when there was probably a fifty per cent chance of such a boy going through the experiences of a Hong Kong man? I wonder how many would vote to see their boys go in there? I will wager that not a single one in this house would do so. That being so, how can one expect other people to want their boys to go into the army when there is

a chance that those boys will go through the harrowing experiences these Hong Kong boys went through, and then be simply considered and considered for months and months and years. I hope we never have to hear once more in this house of these Hong Kong boys being neglected. I hope they are rewarded, without delay, well enough so that they feel that they have been in some measure recompensed for the terrible sacrifices they made in this nation's difficulties in an hour of the gravest kind of peril.

Mr. MACDONNELL (Muskoka-Ontario): I wish to ask one question about the Royal Military College. The college is being reconstituted, as I understand it, and I should like to ask the minister whether it is the aim of the college to follow its former practice? I may think it may be fairly said that at one time it concentrated mainly on regimental officers. I want to know whether the scheme of training now contemplated will take as its aim the training of people who can do the best and most up-to-date military thinking that they can be capable of?

Mr. CLAXTON: I cannot see the difficulty in the remarks of the hon. member for Muskoka-Ontario. The idea back of the institution of the Royal Military College at Kingston is that we shall have for the three services a training institution which will provide the youth of Canada with a training second to none, measured by university standards, during the academic year; then, in the summer months, it will lead to their spending three and a half months on practical work with the service they select in the branch of the armed services for which they are fitted. Our expectation is that we shall establish new standards in this college equivalent to those of the universities throughout Canada, and that the men who graduate from our college will be well qualified to serve their country either on a full-time basis as members of the active forces or on a part-time basis as members of the reserve forces, but, above all, as citizens of Canada.

Mr. MACDONNELL (Muskoka-Ontario): I am afraid I did not make my question plain to the minister. I will state it a little bit differently. What I want to know is whether the military college, in addition to doing those things that I assume it would do—and they are obvious enough—would attempt, as far as possible, to take the place of what we might call post-graduate work and research work in the ordinary civilian university.

Mr. CLAXTON: No, not at all. It is not a post-graduate college. It is a college which will train the men who go through it in work which is equivalent to under-graduate work in the universities. It is equivalent for the first two years, year by year; and then, if carried on to the full four-year course, it will be equivalent to three years of engineering in the university. Post-graduate work in the armed forces will be carried on with the army staff college, the air staff college and the national defence college.

Item agreed to.

Demobilization and reconversion—

244. Defence research and development, subject to allocation by the treasury board, and to authorize commitments against future years in the amount of $1,000,000, $15,997,392.

Mr. GREEN: Can the minister explain how the plan is working out under which the Canadian Commercial Corporation is doing all the purchasing for the defence forces? As he will remember, there was a good deal of questioning as to whether that was a wise plan. I think he himself had some doubts last year as to how it would work out. I should like to have a report this evening.

Mr. CLAXTON: I remember the hon. member for Vancouver South raised this question in connection with the amendments to the bills brought before the house early in 1947. At that time I think I frankly said we were trying this out. The Department of Munitions and Supply, which had done our purchasing during the war, gradually contracted; but it has preserved its records and some of its key personnel, and they have been incorporated into the Canadian Commercial Corporation, which has been entrusted with the job of acting as agent for the present Minister of Trade and Commerce in doing purchasing for the Department of National Defence. We find that it does not lead to delay; that the corporation uses its resources of information and trained personnel to ascertain from whom we should procure supplies. By and large we are finding that it is working out very well. Also it preserves a nucleus, should it be necessary in some future emergency again to organize a large purchasing agency.

Mr. GREEN: How does it tie in with the industrial defence board?

Mr. CLAXTON: They do not cross at all, except that the industrial defence board, which is an advisory body, has been asked to advise the government on the measures taken in connection with procurement, purchasing and so on. As yet, we have not had a report

from the industrial defence board, but no doubt the members of that board will look into the matter and report to the government.

Mr. GREEN: Is there any liaison between the industrial defence board and the Canadian Commercial Corporation?

Mr. CLAXTON: Yes. The industrial defence board has among its members a representative of the Canadian Commercial Corporation.

Item agreed to.

Demobilization and reconversion—

780. To provide for the orderly establishment and organization of the defence forces of the army, navy and air services on a peacetime basis, and to authorize total additional commitments for this purpose of $63,744,537, including authority, notwithstanding section 29 of the Consolidated Revenue and Audit Act, to make additional commitments for the current year of $32,238,578 and additional commitments for future years of $31,505,959 against which additional commitments it is estimated that actual additional expenditures in 1948-49 will not exceed a further amount of $15,000,000.

Mr. PEARKES: Is anything included in this vote for plans in connection with civil defence?

Mr. CLAXTON: No. Any expense in connection with civil defence will be paid out of the appropriation for the administration of the department.

Mr. SKEY: Is anything included in this vote to take care of the payment to the Hong Kong veterans, if the department should decide they deserve it?

Mr. CLAXTON: No, nothing is specifically provided. If the government changed its decision with regard to Hong Kong pay that would be met out of the provisions for pay and allowances.

Mr. SKEY: Has the government taken a position yet?

Mr. CLAXTON: Yes, back in 1946; and it was reported to the house in a return.

Mr. GREEN: Is the money available if the government should change its mind?

Mr. CLAXTON: Yes.

Mr. GREEN: The men would not have to wait for another session?

Mr. CLAXTON: No, they could be paid. It will be the responsibility of the government; the money is available.

Mr. GREEN: This item provides over $4,000,000 for search and rescue work, including navigational aids. Can the minister tell us the position taken by his department with regard to the suggestion that a Canadian coastguard service should be set up? Time and again on the Pacific coast we have to call on the United States coastguard service to come to the rescue of ships in distress. I do not think anyone from that coast would disagree when I say we believe that a Canadian coastguard service should be established. What is the situation on that point?

Mr. CLAXTON: Whether or not a Canadian coastguard service should be established is a matter of government policy which would have to be decided by the government as a whole.

Mr. GREEN: Has any decision been reached on that point to date? If not, is it under consideration?

Mr. CLAXTON: Offhand I cannot answer my hon. friend. Perhaps he should direct his question to the Prime Minister.

Mr. GREEN: Does the minister know whether it is even under consideration?

Mr. CLAXTON: It has been under consideration.

Item agreed to.

DEPARTMENT OF NATIONAL REVENUE

Customs and excise divisions—

293. General administration, $1,329,134.

Some hon. MEMBERS: Carried.

Mr. MACDONNELL (Muskoka-Ontario): No. I presume the minister is going to say something about his department.

Hon. J. J. McCANN (Minister of National Revenue): The estimates for customs and excise consist of three main operating votes: general administration, inspection, and port office operation. There is a further vote of $300,000 for expenses which cover the customs-excise seizures, and the revenue from these seizures for 1948-49 is estimated at about $400,000.

The total expenditure for 1948-49 is estimated at $15,926,000 odd. Of this total, some $13-250,000 represent salaries of our permanent and temporary officers. Salaries represent 83·26 per cent of the total expenditure. Moreover, of the total amount to be expended on salaries, some 78 per cent is chargeable to the various port offices, our district offices which are located throughout Canada and where by far the greatest percentage of our employees are stationed.

I might give a brief statement with reference to the estimates. General administration amounts to $1,329,134; inspection and audit, $1,811,716; port office administration, $12,485,-392, and customs-excise seizures, $300,000,

against which there is an offset of revenue of $400,000. This year there is an increase of $2,251,850, which represents an increase of 16·47 per cent over the 1947-48 estimates. That increase is accounted for in this way: general administration, $139,918; inspection and audit, $80,737; administration of the ports, $1,621,815. Of the increase, 81·2 per cent is on salary account.

Mr. FRASER: What was the increase in revenue?

Mr. McCANN: The revenue for 1947-48 was $1,163,743,000, and the cost of collection was 1·22 per cent.

Mr. MACDONNELL (Muskoka-Ontario): What are the amounts collected under the Excise Act amendment? I want to know the amount collected and what it cost to collect it.

Mr. McCANN: To what amendments is my hon. friend referring?

Mr. MACDONNELL (Muskoka-Ontario): What we call the 25 per cent excise tax; the amendments passed in March, I think.

Mr. McCANN: We have before us only the figures for the fiscal year. We have a breakdown showing the different items of excise tax collected, but there is no breakdown for the special 25 per cent tax to which the hon. member refers.

Mr. MACDONNELL (Muskoka-Ontario): I am anxious to have that. The minister knows we objected to this tax, and I want to have before the committee evidence as to what it has yielded and what it costs to collect. If the minister cannot get the figure tonight, perhaps it could stand until tomorrow. But I want to have it.

Mr. McCANN: I do not think it would be possible to make an allocation with reference to the particular cost of collecting this 25 per cent excise tax, because it goes into the general cost of the ports at which it is collected.

Mr. MACDONNELL (Muskoka-Ontario): I thought perhaps the minister would say that. I would be content with an allocation which the minister would consider fair; I shall not be hard to please in the matter. But I wish to have a figure which the minister would consider fair. The hon. member for Rosedale suggests to me that there may be special people doing it. My interest is to have a figure as to what it costs to collect that tax. As I say, if the minister will give me what was collected, which, I take it, can be ascertained without difficulty, and then will give me what he considers a fair estimate of the cost, I shall not cavil at it.

Mr. McCANN: I can give the amount, but I cannot break down the cost of collecting the tax. From the time it went into effect until March 31, the actual taxes collected were as follows:

Automobiles	$14,195,435.36
Cameras, projectors, slides and films	479,000.00
Electrical appliances	3,215,000.00
Fire arms	117,101.00
Motorcycles and motors	178,800.00
Outboard motors	165,193.00
Phonographs, radios and tubes	3,364,356.00

This makes a total of approximately $22,000,000.

Mr. MACDONNELL (Muskoka-Ontario): And the cost of collecting it was what?

Mr. McCANN: As I said, the cost of collection of that particular tax has not been allocated, nor has it been kept separate from the cost in any port of collecting all the taxes which come into that port.

Mr. MACDONNELL (Muskoka-Ontario): If the minister could take his total cost of collection, he could pro rate the total cost against the total collection and perhaps give a figure in the morning.

Mr. MUTCH: His guess is no better than anybody else's.

Mr. MACDONNELL (Muskoka-Ontario): I think it might be.

Mr. McCANN: I submit that it is not possible to give a figure as to the cost of collection of any particular tax. I might say we have collected taxes amounting to over a billion dollars, and it included taxes on forty-seven different types of items. The cost of any particular item is not segregated from the general costs of the ports. We can give the figures with reference to the total cost of collection over the past year. But here we have collected taxes on cables and telephones, stamps, stock transfers, furs, automobiles, lighters, candy, soft drinks, luggage, tobacco, cigars, cigarettes, sugar, glucose, carbonic acid—all those things. I cannot give any idea of how much it cost to collect the tax on playing cards, for instance; and nobody else can. It would take a Philadelphia lawyer to figure it out.

Mr. MACDONNELL (Muskoka-Ontario): I am not asking the minister to do anything impossible. I am asking him to take the figure of the total receipts and costs and from them to take a rough pro rata figure. I am not asking him to go into a multitude of details. His officials have the total figure,

and they can work it out in five minutes. That is all I am asking; and I want to have it.

Mr. BAKER: It would add considerable to the cost to figure out what the cost of collection is.

Mr. JACKMAN: Perhaps you can tell us how much it would be.

Mr. FLEMING: There is something wrong with the accounting.

Mr. McCANN: Last year the total cost of collection was 1·22 per cent of the revenue collected. That will not vary much, and I would say the cost of collection in this instance, relative to the amount collected, would be in the neighbourhood of 1·22 per cent, or probably ·5 per cent.

Mr. MACDONNELL (Muskoka-Ontario): That is a fair answer. Will the officials figure it out and give me the figure? I am not good at arithmetic.

Mr. McCANN: That is as near as I can give it to the hon. member.

Mr. MACDONNELL (Muskoka-Ontario): But give me the actual figure. Let them figure the percentage out and give me the actual figure.

An hon. MEMBER: Get an adding machine.

The DEPUTY CHAIRMAN: Shall the item carry?

Mr. MACDONNELL (Muskoka-Ontario): No, it is not carried.

Mr. McCANN: Roughly it comes to $14,000 or $15,000.

Mr. MACDONNELL (Muskoka-Ontario): All right. I will move that that amount be struck out of the estimates—the $14,000. My motion is that the cost of collecting the tax imposed by the Excise Tax Act amendment be reduced to $1.

I wish to say a few words in connection with that. This committee will recall that a considerable fight was put up against the imposition of this tax. The committee will also recall that various reasons were alleged, and that we found great difficulty in making up our minds as to the final reason which prompted the government to put it through. The first idea was that it was not for taxation at all. But eventually it turned out that it was for several reasons, if for any reason.

Some hon. MEMBERS: Carried.

[Mr. Macdonnell (Muskoka-Ontario).]

Mr. MACDONNELL (Muskoka-Ontario): I am not making any apology for this. This idea that we are to be hurried into slurring these things over because they are brought up at the last minute does not go down with me. And if people try interrupting they will get more.

Mr. GREEN: Hear, hear.

Mr. MACDONNELL (Muskoka-Ontario): Let me say that this tax has been criticized from coast to coast. It has been criticized now in the report which we got today. There has never been any satisfactory reason alleged for its being imposed. And I think now is the time for members of this House of Commons to make up their minds whether they have the courage of their convictions—which I know many of them have—and vote for this amendment which asks that the cost of collecting the tax be stricken out.

Some hon. MEMBERS: Question

The DEPUTY CHAIRMAN: Order.

Mr. MACDONNELL (Muskoka-Ontario): Probably the Chairman has difficulty in reading my writing.

The DEPUTY CHAIRMAN: The amendment is out of order. We are dealing with item 293. Shall the item carry?

Some hon. MEMBERS: Carried.

Mr. MACDONNELL (Muskoka-Ontario): No; just a minute. Will the minister give me the rule under which he is ruling it out of order?

The DEPUTY CHAIRMAN: Which of these votes does the hon. member wish to reduce?

Mr. MACDONNELL (Muskoka-Ontario): Vote number—

The DEPUTY CHAIRMAN: The amendment is to strike out $14,000.

Mr. MACDONNELL (Muskoka-Ontario): Perhaps the minister can tell me whether it is item 293 or item 294.

Mr. McCANN: I do not think the hon. member is right in either of them.

The DEPUTY CHAIRMAN: What is the hon. member dealing with?

Mr. McCANN: The hon. gentleman is not right in his selection of either item. This is a matter that has to do with the running of the ports of entry throughout the country where the taxes are collected.

Mr. MACDONNELL (Muskoka-Ontario): Perhaps it is item 295.

Mr. McCANN: It would come more properly under item 295.

Mr. MACDONNELL (Muskoka-Ontario): Then we shall wait until we reach item 295.

Mr. McLURE: The total to be voted for this department is $44,994,942; there is $25,323,721, of which 77 per cent or $19,676,221 is for temporary assistance. What is the approximate number of temporary employees?

Mr. McCANN: The hon. gentleman is including in his figure the customs and excise division, the taxation division, the national film board and the government office economies control division, as well as the Canadian Broadcasting Corporation. If he will let us know just what questions he wishes answered relative to the customs and excise divisions, which we are now dealing with, I shall give him an answer.

Mr. McLURE: The total amount to be voted is almost $45,000,000.

Mr. McCANN: Not for customs and excise.

Mr. McLURE: For national revenue, with which we are now dealing.

The DEPUTY CHAIRMAN: The item before the committee is item 293, general administration, $1,329,134.

Mr. McLURE: That is under national revenue.

The DEPUTY CHAIRMAN: It is the item of general administration.

Mr. McLURE: Cannot we bring up anything under that item with regard to the administration of the whole department?

The DEPUTY CHAIRMAN: We shall have to deal with the item before the committee.

Mr. GREEN: I submit that that ruling is not in accordance with the rules of this house. Under the administration item of any department, an hon. member is entitled to bring up questions which affect the department as a whole. That is exactly what the hon. member for Queens is doing, and I submit that he is entirely in order.

Mr. McCANN: May I clarify the situation? For estimate purposes, national revenue is divided into different divisions which are dealt with separately. Customs and excise is one division, for which we have an administration item. Another division is taxation, for which we have an administration division. As Minister of National Revenue I am responsible for the national film board, the Canadian Broadcasting Corporation and the government office economies control division. The last three divisions which I have mentioned have nothing to do with the Department of National Revenue, except that I happen to be the minister in charge of them and, therefore, for the purposes of the estimates they are listed under national revenue.

Mr. GREEN: In each department there is one item on which we can discuss the general affairs of the department.

Mr. McCANN: It is split into two here.

Mr. GREEN: But the minister cannot get away from a general discussion of his departmental affairs because of that.

Mr. McCANN: I am not trying to get away from anything; I am trying to explain.

The DEPUTY CHAIRMAN: If the hon. member will turn to page 202 of the estimates he will find the details of the item we now have before us, which deals with administration. As we come to the other items, we can deal with the matter the hon. member has in mind.

Mr. McLURE: This item is for $1,342,134 and the amount for temporary assistance is $314,076. However, the total for temporary assistance in the Department of National Revenue is $19,676,221. Surely we should have some idea what that total is for.

Mr. McCANN: If the hon. member wants to know the number of employees in the different divisions we can give him the exact number in the customs and excise divisions now under the general administration item, and then we can give him the number of employees in the taxation division.

Mr. GREEN: Why not give him the total number of employees in the Department of National Revenue?

Mr. McCANN: You will have to take into consideration the fact that there are practically five departments with separate heads. There is a deputy minister of customs and excise, and a deputy minister of taxation whose duties are entirely different and separate.

Mr. GREEN: The minister should have a good secretary who could tell him how many employees are under him.

Mr. McCANN: There are approximately 18,000 in my department.

Mr. HERRIDGE: I should like to refer again to a matter which I have brought to the attention of the minister on two previous occasions, because it is of great importance to the people whom I have the honour to represent. I have asked that an office of the Department of National Revenue be established to serve the East and West Kootenays. An office is to be established at Kelowna to serve the Okanagan district.

Mr. McCANN: I think what the hon. member is talking about has to do with income tax offices, which would be under the taxation division.

Mr. HERRIDGE: Yes.

Mr. McCANN: We have not yet come to that.

Mr. BLACKMORE: Before this item carries, I should like to talk a matter over with the minister for a few minutes. I have been greatly interested in the McCann commission of which we have heard a lot this year, and I should like to find out where I can discuss it. Those who are best qualified to advise me tell me that it should be discussed under the estimates of the Minister of National Revenue, under either item 293 or item 306 or item 308 of the minister's estimates. If the minister will tell me under which item he will entertain a discussion of this matter, which will probably be a searching one, I shall be glad to wait until the end if he so desires.

Mr. McCANN: The matter referred to has absolutely nothing to do with the Department of National Revenue. The circumstances with which the commission named after me had to do were certain complaints by veterans with reference to treatment and with reference to those who treated them and the institutions in which they were treated. I was chosen to be chairman of that commission because of my profession, not because of my position as minister, and it has absolutely nothing to do with the Department of National Revenue. We made a report to the Department of Veterans Affairs, and the hon. gentleman had an opportunity to discuss it on veterans affairs estimates or in the veterans affairs committee or probably on the budget, if he wanted to. But it has nothing to do with the Department of National Revenue, and I am not in a position to give him any information on it tonight. So far as I am concerned personally, it did not cost the country one five-cent piece.

Mr. BLACKMORE: That is an interesting story, all right.

The DEPUTY CHAIRMAN: Order. The hon. member is completely out of order in discussing that matter on this item. It has nothing to do with the Department of National Revenue. Speeches in committee must be strictly relevant.

Mr. BLACKMORE: I cannot hear you, Mr. Chairman, because of those noisy people over there on the opposite side of the chamber. If you will keep them in order we shall make better progress. If we are being delayed it is because we have to listen to a lot of chirping going on over there. The minister has suggested that this matter could be discussed under veterans affairs estimates, but I challenge the minister to find an item in those estimates where it could be discussed.

The DEPUTY CHAIRMAN: Order. I must ask the hon. member not to discuss the matter further under this item.

Mr. BLACKMORE: Mr. Chairman, there is no item in veterans affairs estimates under which it can be discussed, so far as I can see.

The DEPUTY CHAIRMAN: Order. This is no place for such a discussion, because it has nothing whatsoever to do with this item.

Mr. BLACKMORE: If the commission did not cost anything, it must come under administrative expenses, I should think, of national revenue.

The DEPUTY CHAIRMAN: Order. I must again ask the hon. member not to discuss the matter further, because it has nothing to do with this item.

Item agreed to.

Customs and excise divisions—

295. Ports, outports and preventive stations, including pay for overtime of officers notwithstanding anything in the Civil Service Act, and temporary buildings and rentals, $12,485,392.

Mr. MACDONNELL (Muskoka-Ontario): I wish to move to reduce this item by $14,000. I shall read from Beauchesne, third edition, citation 484:

> Amendments moved for the reduction of a grant are proceeded with under the general rules governing amendments. For instance, on a resolution granting $10,000 for a certain purpose, a member may move that the amount be reduced by $2,000. This amendment then takes the form of the original motion offering, in lieu of the sum thereby proposed, a reduced sum for the acceptance of the committee.

It goes on to say that if one amendment is rejected another one may be proposed. Pursuant to that rule, I move that item 295 be reduced from $12,485,392 to $12,471,392, and I submit that I am within the terms of the rule I have quoted.

The DEPUTY CHAIRMAN: The only reason the hon. member was out of order before was that he was trying to move his amendment to item 293.

Amendment negatived: yeas 16; nays 38.

Item agreed to.

Some hon. MEMBERS: Twelve o'clock.

Mr. McCANN: There are two items, Mr. Chairman, 799 and 800 under the customs and excise divisions, totalling $26,012 and having to do with inspection, overtime pay to officers at ports and so forth which I should like to have called.

Customs and excise divisions—

799. Inspection, investigation and audit services—further amount required, $4,512.

800. Ports, outports and preventive stations, including pay for overtime of officers notwithstanding anything in the Civil Service Act, and temporary buildings and rentals—further amount required, $21,500.

Items agreed to.

Resolutions reported, read the first and second times and concurred in.

BUSINESS OF THE HOUSE

Mr. FOURNIER (Hull): Mr. Speaker, I move that the house do now adjourn. Tomorrow we shall consider the amendments made by the senate to Bill No. 338, respecting income taxes. They are small amendments. Then Bill No. 398 to amend the Manitoba Natural Resources Act. Then we shall take up supply in the remaining departments, the rest of national revenue, public works, legislation, finance, the Prime Minister's office, some supplementary estimates before the house. Then the Minister of National Health and Welfare will move concurrence in the report of the prices committee. There is only one other item that will remain to conclude the business of the session, namely, the resolution in the name of the Prime Minister, and I hope we shall be in a good humour tomorrow to take that on.

Mr. MacINNIS: May I ask the Minister of Public Works at what time of the day the prices report will be moved?

Mr. FOURNIER (Hull): I wanted to suggest to my hon. friends—I have not discussed it—that tomorrow we sit from eleven to one and adjourn to two, then continue with estimates until three o'clock. I believe the Minister of National Health and Welfare announced that he would move concurrence in the report at three o'clock if that is satisfactory. I think that could easily be followed. I shall see my hon. friends tomorrow morning.

Motion agreed to and the house adjourned at twelve midnight.

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

DEPARTMENT OF LABOUR

142. Bureau of technical personnel and placement of university graduates, $39,569.

Vocational training—

143. Vocational training for discharged members of Canada's armed forces; payments to the provinces for capital expenditures for vocational schools, buildings and equipment; and to provide for dominion contributions towards replacement by a province or municipality of machinery used in war emergency training; including undischarged commitments of previous years, $5,700,000.

144. Wartime labour relations board, $17,500.

145. To provide for re-location, maintenance and welfare of persons of the Japanese race in Canada and to provide such financial assistance for repatriation of persons of the Japanese race as may be authorized by the governor in council, $325,000.

146. To provide for the effective organization and use of agricultural manpower, including recruiting, transporting and placing workers on farms and related industries and assistance to the provinces pursuant to agreements that may be entered into by the Minister of Labour with the provinces and approved by the governor in council, $375,00.

147. To provide for payment to the national film board for educational films for exhibition, $24,000.

148. To provide for expenses that may be incurred in the arranging for and the movement of workers from outside Canada to work on farms and other essential industry in Canada when Canadian labour is not available to meet the need; including costs connected with the supervision and welfare of persons already immigrated to Canada under former authorized labour movements, and administrative expenses connected therewith, $700,000.

Unemployment insurance commission—

149. To provide for transfer of labour to and from places where employment is available in agriculture and industry and expenses incidental thereto, $400,000.

727. Annuities Act—administration—further amount required, $38,000.

728. To provide authority for payment out of the government annuities fund to Charles E. Finlay of the sum of $2,138.67, being a refund of part of the premiums paid in respect of government annuity contract No. 68,181, together with interest on the said sum at the rate of 1½ per cent per annum, compounded annually from August 22, 1940, to the date of payment, $1.

729. To provide authority for payment out of the government annuities fund to James W. Morris of the sum of $2,607.24, being a refund of part of the premiums paid in respect of govern-

ment annuity contract No. 88,825, together with interest on the said sum at the rate of 1½ per cent per annum, compounded annually from May 14, 1944, to the date of payment, $1.

730. Fair wages, conciliation, industrial relations, industrial disputes investigations, including the administration of legislation relating thereto, and for activities *re* promotion of co-operation in industry, between labour and management—further amount required, $14,000.

731. *Labour Gazette* and other publications authorized by Labour Department Act—further amount required, $19,000.

732. To provide for expenses that may be incurred in the arranging for and the movement of workers from outside Canada to work on farms and in other essential industry in Canada when Canadian labour is not available to meet the needs, including the duty of obtaining applications from employers and the placement of the workers on arrival in Canada and including costs connected with the supervision and welfare of persons already immigrated to Canada under former authorized labour movements and administration expenses connected therewith—further amount required, $250,000.

733. To authorize and confirm the continuance of regional boards known as "advisory boards, Labour Department", established by P.C. 6387 of August 10, 1943, P.C. 512 of January 12, 1944, and P.C. 5209 of July 24, 1945, to act in an advisory capacity to the Ministry of Labour for the co-ordination of the work of the various divisions of the Department of Labour and the immigration branch of the Department of Mines and Resources, and to provide for payment of per diem allowances to board members and their necessary travelling expenses for attending board meetings; the whole, subject to the conditions and provisions of the aforementioned orders in council which were not continued under the Continuation of Transitional Measures Act, 1947, $1.

DEPARTMENT OF FISHERIES

95. Departmental administration, $277,000.

96. Fisheries inspection, including fishery officers and guardians, fisheries patrol and protection services, $2,438,000.

97. Building fishways and clearing rivers, $50,000.

98. Educational extension service, including grant of $3,000 to Lunenburg Fisheries Exhibition, $200,000.

99. Fish culture, $350,000.

100. Oyster culture, $45,700.

Fisheries research board of Canada—

101. Operation and maintenance, $894,690.

102. Construction and improvements, $75,000.

103. To provide for Canadian share of expenses of the international fisheries commission appointed under treaty dated March 2, 1923, between Canada and the United States for the preservation of the North Pacific halibut fisheries, $31,500.

104. To provide for Canadian share of expenses of the international Pacific salmon fisheries commission under treaty between Canada and the United States for the protection, preservation and extension of the sockeye salmon fisheries of the Fraser river system, $99,500.

[Mr. Fournier (Hull).]

105. To provide for Canadian share of expenses of the international Pacific salmon fisheries commission to overcome obstructions to the ascent of sockeye salmon at Hell's Gate canyon and for investigating and overcoming obstructions to such salmon at other points on the Fraser river watershed (revote), $250,000.

106. Grant to the United Maritime Fishermen's Association, $3,000.

107. To provide for transportation, dressing and dyeing and other expenses incidental to receiving and disposing of fur seal skins accruing to Canada pursuant to provisional fur seal agreement between Canada and the United States by exchange of notes dated December 26, 1947, $550,000.

108. To provide for the destruction of harbour seals, $30,000.

Special—

109. To provide for the extension of educational work in co-operative producing and selling among fishermen, $80,000.

110. To provide for the administration expenses of the Fisheries Prices Support Act, 1944, $200,000.

111. To provide for assistance in the construction of vessels of the dragger and/or long liner type, subject to such terms and conditions as may be approved by the governor in council, $200,000.

112. To provide for assistance in the construction of bait freezing and storage facilities, subject to the approval of the governor in council, $50,000.

709. Fisheries inspection, including fishery officers and guardians, fisheries patrol and protection services—further amount required, $265,700.

710. Fish culture—further amount required, $10,000.

711. Oyster culture—further amount required, $5,520.

712. Fisheries research board of Canada—operation and maintenance—further amount required, $48,700.

Construction and improvements—

713. Further amount required, $78,000.

714. To provide for the acquisition of lands required by the international Pacific salmon fisheries commission, as required by article VIII of treaty dated May 26, 1930, between Canada and the United States for the protection, preservation and extension of the sockeye salmon fisheries of the Fraser river system, $2,000.

715. To authorize and to provide for the fisheries prices support board to reimburse the Canadian Commercial Corporation for administrative expenses in connection wtih the purchase of 190,000 cases of east coast canned fish on behalf of fisheries prices support board under chapter 42, statutes of 1944 and order in council P.C. 1229, dated March 25, 1948, $7,500.

DEPARTMENT OF NATIONAL DEFENCE

232. Miscellaneous maintenance and adjustments (war of 1914-18), $26,668.

233. Battlefields memorials, $57,230.

Pensions and other benefits—civil pensions—

234. Robert Allen, $192.50.

235. Walter Pettipas, $515.90.

236. Florence Walker, $360.

237. Arnold Truman Townsend, $420.

238. Michael Mountain, $420.

239. Mrs. Alice Smuck, $480.

240. Mrs. Mary Whittington, $200.

241. Mrs. Eleanor F. Nixon, $1,287.55.

Militia Pension Act—

242. Government's contribution to the permanent forces pension fund, $4,109,109.

243. To provide for the orderly establishment and organization of the defence forces of the army, navy and air services on a peacetime basis, and to authorize total commitments for this purpose of $255,514,584, including authority, notwithstanding section 29 of the Consolidated Revenue and Audit Act, to make commitments for the current year of $227,082,515, and commitments for future years of $28,432,069 against which commitments it is estimated that actual expenditures in 1948-49 will not exceed, $207,082,515.

244. Defence research and development, subject to allocation by the treasury board, and to authorize commitments against future years in the amount of $1,000,000, $15,997,392.

780. To provide for the orderly establishment and organization of the defence forces of the army, navy and air services on a peacetime basis, and to authorize total additional commitments for this purpose of $63,744,537, including authority, notwithstanding section 29 of the Consolidated Revenue and Audit Act, to make additional commitments for the current year of $32,238,578 and additional commitments for future years of $31,505,959 against which additional commitments it is estimated that actual additional expenditures in 1948-49 will not exceed a further amount of $15,000,000.

781. Defence research and development, subject to allocation by the treasury board, $3,800,000.

DEPARTMENT OF NATIONAL REVENUE

Customs and excise divisions—

293. General administration, $1,329,134.

294. Inspection, investigation and audit (including the former preventive service undervaluation unit), $1,811,716.

295. Ports, outports and preventive stations, including pay for overtime of officers notwithstanding anything in the Civil Service Act, and temporary buildings and rentals, $12,485,392.

296. To provide for payment of expenses, law costs, refunds and awards arising out of seizures and charges of contravention of customs or excise laws, $300,000.

Taxation division—

297. General administration, including authority to create positions and make appointments, within the division, notwithstanding anything contained in the Civil Service Act and the said positions and staff so appointed are hereby wholly excluded from the operation of the said act, $1,813,574.

Customs and excise divisions—

799. Inspection, investigation and audit services—further amount required, $4,512.

800. Ports, outports and preventive stations, including pay for overtime of officers notwithstanding anything in the Civil Service Act, and temporary buildings and rentals — further amount required, $21,500.

HOUSE OF COMMONS

Saturday, June 26, 1948

The house met at eleven o'clock.

PRIVATE BILLS

THIRD REPORT OF STANDING COMMITTEE

Third report of standing committee on miscellaneous private bills.—Mr. Maybank.

DIVORCE BILL—MOTION FOR REFERENCE BACK TO COMMITTEE

Mr. G. RUSSELL BOUCHER (Carleton): In accordance with standing order 25, Mr. Speaker, Beauchesne, second edition, I should like to move, seconded by the hon. member for Saint John-Albert (Mr. Hazen):

That Bill No. 301, an act for the relief of Aldoria Rodier dit St. Martin, referred to in the third report of the standing committee on private bills, presented to this house this day, be referred back to the standing committee for further consideration and report.

This is a bill for divorce which was brought before the senate committee, where evidence was taken therein in full. After the applicant had presented his case, counsel for the respondent stated that they had no evidence to adduce in rebuttal of the allegation made by the applicant. The committee of the other house agreed to the divorce and recommended that it be granted. On presentation of the bill a few days ago to the miscellaneous private bills committee of the House of Commons, there appeared the evidence taken in the senate, the recommendations of the senate committee, and, although the counsel for the respondent had stated before that committee that they had no evidence to offer in rebuttal of the evidence of the applicant, a letter from the respondent herself was, I submit, wrongly admitted into evidence by the committee of this house. By virtue of that letter, objecting to certain procedures and certain evidence given, the committee of the House of Commons I believe rejected the bill.

My point is this. A committee of the upper house sitting as a court, having gone into the evidence in detail, having passed upon it, having had witnesses before it who were examined and cross-examined, and counsel for the respondent having stated that there was no defence to offer, I think it was improper and unjust that a letter should be received from the respondent, taken into consideration and dealt with by the committee of the House of Commons without opportunity of cross-examination, without evidence being given under oath, and in actual repudiation of the findings of the committee of the upper house. The committee of this house saw fit to give a decision contrary to that of the upper house. This is surely a grave miscarriage of justice.

I think any member of this house who has practised in a court of law will realize the great danger there is in accepting evidence by way of letter, after the case has been closed following a full formal hearing, and taking the weight of that evidence into consideration in deciding upon the disposition of any matter previously considered by a court. Any man with legal experience would realize that it is very improper to receive a letter of that kind anywhere, whether it be a committee of inquiry or a court of any kind. I think it is not only a reflection upon the findings of a very able committee of the other place to overrule a considered opinion reached upon evidence properly adduced and subject to examination and cross-examination; it is an aspersion upon the upper house to have a committee of this house take this action in view of the good work being done in the other place in connection with divorce matters. I believe this would be a dangerous precedent for this house to establish, and it would be doing a grave injustice to a citizen of this country who has taken the only legal recourse available.

Therefore I urge the house, though we are practically at the last day of the session, to adopt the motion and give this applicant the right to a proper hearing and a proper disposition of a proper application to these houses of parliament.

Mr. D. KING HAZEN (Saint John-Albert): I rise to support the motion that has been moved by the hon. member for Carleton (Mr. Boucher). I am a member of the committee on miscellaneous private bills which dealt with this matter a day or two ago. Petitions for bills of divorce are heard by a committee of the other place, who sit as a court and hear the evidence of the petitioner and his or her witnesses, and the evidence of the witnesses for the defence, if any. If justice is to be done in these cases—

Mr. SPEAKER: Order. I am sorry to interrupt the hon. member, but if he will look

at standing order 38, which sets out the motions which are debatable and those which are not debatable, he will see that a motion of this kind is not subject to debate. I permitted the hon. member for Carleton, the mover of the motion, to make an explanation, but I do not think a debate would be proper. If it is the wish of the house that a representative of the committee should be permitted to give a further explanation, however, I believe that would be proper.

Mr. CRUICKSHANK: Am I to understand that half an hour of the time of the house is to be taken up on a silly divorce case, when I am not allowed to speak about flood conditions?

Mr. HAZEN: Do I understand, Mr. Speaker, you have ruled that I am not to be permitted to say anything on this matter, in which I believe a great injustice has been done?

Mr. SPEAKER: The hon. member should realize that I have no choice in the matter; the standing order says a motion of this kind is not debatable. If the hon. gentleman believes he should give some explanation, I will permit him to do so, but I would ask him to be as brief as possible.

Mr. HAZEN: Thank you, Mr. Speaker; I shall endeavour to be brief. I do not wish to make a long speech, but there are certain matters which should be brought to the attention of the members of this house in connection with this case. As I was saying, petitions for divorce come before a committee of the other place. That committee sits as a court. It hears the evidence of the parties, and then arrives at a decision. If justice is to be done in these matters the principles of justice must be observed and the rules of evidence must be followed.

Mr. SPEAKER: Order. I am sorry, but the hon. member must realize that he is not giving an explanation. Is it the pleasure of the house to adopt the motion?

Mr. MAYBANK: I am not sure that I heard your ruling, Mr. Speaker, but I understood you to say some explanation could be given by a member of the committee. If that is so, as chairman of the committee I should like an opportunity to speak, but of course without endeavouring to prevent any other member from speaking. I believe there are some things that should be said.

Mr. SPEAKER: I believe it would be only fair to give the hon. member, who is chairman of the committee, an opportunity to explain the matter, but I would ask him to be as brief as possible.

Mr. CRUICKSHANK: May I talk about the floods for the same length of time?

Mr. HAZEN: Surely if the chairman of the committee is to have the right to speak I should have the opportunity to speak first, because I wish to censure the committee—

Mr. SPEAKER: Order. If the house does not agree, I shall have to apply the rule as it is. Motions of this kind are not debatable. Is it the pleasure of the house to adopt the motion?

The house divided on the motion (Mr. Boucher) which was negatived on the following division:

YEAS

Messrs:

Ashby	Herridge
Barrett	Isnor
Black (Cumberland)	Kuhl
Blackmore	McCuaig
Blair	McCulloch (Pictou)
Boucher	Macdonnell (Muskoka-Ontario)
Bracken	McLure
Case	Menary
Casselman	Pearkes
Charlton	Quelch
Desmond	Ross (St. Paul's)
Diefenbaker	Skey
Fleming	Stewart (Winnipeg North)
Fraser	Thatcher
Fulton	Timmins
Graydon	Webb
Hansell	Wylie—37.
Harris (Danforth)	
Hazen	
Henderson	

NAYS

Messrs:

Archibald	Fournier (Hull)
Baker	Gauthier (Portneuf)
Beaudoin	Gillis
Beaudry	Gingues
Belzile	Gladstone
Benidickson	Golding
Bertrand (Laurier)	Gour (Russell)
Bertrand (Prescott)	Gourd (Chapleau)
Blanchette	Grant
Bourget	Ilsley
Bradette	Irvine
Breithaupt	Jaenicke
Brown	Jones
Brunelle	Kirk
Castleden	Knight
Chevrier	Lafontaine
Clark	Langlois
Claxton	Lapointe
Cloutier	Laurendeau
Coté (Verdun)	Lesage
Dickey	McCann
Dionne (Beauce)	McCullough (Assiniboia)
Eudes	
Fontaine	

McDonald (Parry Sound)	Moore
McGarry	Mutch
McIlraith	Nixon
MacInnis	Parent
McIvor	Power
McKay	Reid
MacLean	Richard (Ottawa East)
MacNaught	Rinfret
Martin	St. Laurent
Matthews (Brandon)	Sinclair
Matthews (Kootenay East)	Townley-Smith
Maybank	Viau
Mayhew	Warren
Michaud	Weir
Mitchell	Whitman
	Winters—77.

Mr. LENNARD: I was paired with the Minister of Trade and Commerce (Mr. Howe). Had I voted I would have voted for the motion.

Mr. JACKMAN: I was paired with the hon. member for Jacques Cartier (Mr. Marier). Had I voted I would have voted for the motion.

Mr. HODGSON: I was paired with the hon. member for York North (Mr. Smith). Had I voted I would have voted for the motion.

Mr. COYLE: I was paired with the hon. member for St. Ann (Mr. Healy). Had I voted I would have voted for the motion.

Mr. SINNOTT: I considered it a waste of time and did not vote.

Mr. DROPE: I was paired with the hon. member for Northumberland, N.B. (Mr. Maloney). Had I voted I would have voted for the motion.

Mr. LOW: I was paired with the hon. member for Athabaska (Mr. Dechene). Had I voted I would have voted for the motion.

Mr. LITTLE: I was paired. Had I voted I would have voted against the motion.

Mr. CLEAVER: I was paired with the hon. member for Bow River (Mr. Johnston). Had I voted I would have voted against the motion.

Mr. CARDIFF: I was paired. Had I voted I would have voted for the motion.

HOUSE OF COMMONS

REVISION OF CLASSIFICATION OF COMMITTEE CLERKS—REPORT OF CIVIL SERVICE COMMISSION

Mr. SPEAKER: I have the honour to table a report received from the civil service commission with respect to the revision of classification of committee clerks of the House of Commons.

PARLIAMENTARY RESTAURANT

Hon. ALPHONSE FOURNIER (Minister of Public Works): I wish to move:

That the report of the civil service commission relating to the permanent appointment of Mr. William Jennings as manager of the joint parliamentary restaurant, House of Commons, laid on the table of the house on Wednesday, June 23, 1948, be now approved.

Motion agreed to.

MEDICAL DOCTORS

SUPPLEMENTARY ANSWER TO QUESTION, MAY 17

Hon. PAUL MARTIN (Minister of National Health and Welfare): On May 17 in answer to a question by the hon. member for Mackenzie (Mr. Nicholson)—*Hansard,* page 3980—certain replies were given with respect to practising physicians in this country. I now wish to table a supplementary and more complete reply to that question.

TELEGRAPHS AND TELEPHONES

TRANSFER OF CONTROL AND SUPERVISION

Mr. GLEASON BELZILE (Parliamentary Assistant to the Minister of Finance): Mr. Speaker, yesterday on the orders of the day the hon. member for Ottawa East (Mr. Richard) asked three questions with regard to the telegraph and telephone service. The first question was:

What section of the telephone and telegraph services has been taken over by the Department of Finance from the Department of Public Works?

The answer is the telephone section having to do with the Ottawa area. The second question was:

Will the employees of the Department of Public Works now engaged in this work be transferred to the Department of Finance on the same conditions of employment and salary?

The answer is: Yes; one employee has been transferred. The third question was:

Has the department entered into any negotiations with the Bell Telephone Company of Canada Limited?

According to his notice of the question the hon. member also wished to know whether this company had made a survey of the lines in the building, and, if an agreement had been reached, what were its terms. A preliminary survey is being made by the company in conjunction with the public works department, but no agreement has been entered into.

INDIAN AFFAIRS

CONCURRENCE IN FOURTH REPORT OF SPECIAL JOINT COMMITTEE

Mr. D. F. BROWN (Essex West) moved:

That the fourth report of the special joint committee on Indian affairs, tabled on June 22, 1948, be now concurred in.

Motion agreed to.

MANITOBA NATURAL RESOURCES

HYDRO-ELECTRIC POWER PLANTS—CONFIRMATION OF AGREEMENT WITH PROVINCE

Hon. J. A. MacKINNON (Minister of Mines and Resources) moved the first reading of Bill No. 398 (from the senate), to amend the Manitoba Natural Resources Act.

Motion agreed to and bill read the first time.

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

Mr. MacKINNON: Now.

Mr. SPEAKER: By leave of the house.

Mr. MacKINNON moved the second reading of the bill.

Motion agreed to and the house went into committee, Mr. Macdonald (Brantford City) in the chair.

On section 1—Short title.

Mr. ROSS (Souris): Will the minister explain the bill?

Mr. MacKINNON: Prior to 1930 all ungranted or waste lands in the province of Manitoba were vested in the crown in the right of the Dominion of Canada, and were administered by the government of Canada for the purpose of the dominion, subject to certain conditions and stipulations contained in the agreement for the surrender of Rupert's Land by the Hudson's Bay Company to Her Majesty the Queen.

In August 1928 the present Prime Minister of Canada secured the approval of council to an order which provided that, pursuant to an agreement entered into with the representatives of the government of the province of Manitoba, the province would be placed in a position of equality with the other provinces of confederation with respect to the administration and control of its natural resources as from the entrance of the province into confederation in the year 1870.

A commission consisting of three persons was appointed to inquire into and report as

to what financial readjustments should be made to effect the desire of the province and the dominion that the province be placed in a position of equality with the other provinces of confederation with respect to the administration and control of its natural resources. As a result of the commission's report, the dominion agreed to transfer to the province for administration and control by the province all the unalienated natural resources within the boundaries of the province, subject to any trust existing in respect thereof and without prejudice to any other interest, other than that of the crown, in the same.

The findings of the commission were agreed to by the government of Canada and the government of the province of Manitoba, and were made the subject matter of an act of the parliament of Canada and of the legislature of the province of Manitoba confirming the same. Subsequently the agreement was confirmed by the parliament of the United Kingdom by an act entitled "The British North America Act, 1930", assented to on the 10th day of July of that year and being chapter 26 of the statutes of the United Kingdom for the year 1930.

The agreement provided, *inter alia,* for the transfer of unalienated public lands in the province of Manitoba from the dominion to the province. Section 2 provides that the province will carry out in accordance with the terms thereof every contract to purchase or lease any crown lands, mines or minerals and every other arrangement whereby any person has become entitled to any interest therein as against the crown, and further agrees not to affect or alter any term of any such contract to purchase, lease or other arrangement by legislation or otherwise except either with the consent of all the parties thereto other than Canada, or in so far as any legislation may apply generally to all similar agreements relating to lands, mines or minerals in the province or to interests therein irrespective of whom the parties thereto may be.

Under this provision the province could by passing a law of general application expropriate every power site in the province of Manitoba. In this respect it would have the same power that is possessed by the original provinces of confederation. For example, the province of Nova Scotia could, by passing an act of the legislature, expropriate every power site in the province of Nova Scotia; or it could by a similar act expropriate any one or more of the power sites in the province. It is doubtful, however, whether Manitoba

could, under the provisions of section 2 of the agreement referred to, expropriate one or two of the power sites in the province, as it could be argued that the law would not be of general application, and therefore any rights granted by the dominion prior to the transfer of the resources to the province could not be interfered with other than by consent of the parties to the arrangement other than Canada. If this contention be well founded, the province of Manitoba would not be in a position of equality with the other provinces of confederation, and as that was the intention of the parties when the resources were transferred, the present bill is to remove any doubt as to the power of the province to do that which the original provinces of confederation could do with respect to property and civil rights within their respective jurisdictions.

The effect of the present bill is to put Manitoba in the same position, as, for instance, Ontario, Quebec and Nova Scotia in respect to their natural resources and to confer upon the legislature of Manitoba the power to deal with civil rights in that province. If the bill is passed it does not confer any power on the government of Manitoba, but it does remove any doubt as to the power of the legislature of the province to deal fully with the property and civil rights of the citizens of Manitoba. Whether or not, in the event of the legislature exercising its power, compensation is to be paid to the owners of property expropriated is a matter for the consideration of the legislature of the province and not for the consideration of parliament.

Mr. CHURCH: The agreement is all right so far as it goes, but I call attention to the fact that in Ontario we had a policy like this to bring the boon of cheap electric light and power to the cities and towns and rural areas of the province as far back as 1907, forty-one years ago. That power is distributed at actual cost, not to make dividends for corporation shareholders.

I would point out that there is a provision in the Navigable Waters Protection Act, which puts all navigable streams in all provinces under the dominion government, represented by the Minister of Public Works. This agreement should have been exempted from the provisions of the Navigable Waters Protection Act.

Mr. STEWART (Winnipeg North): I have no objection to this bill, but I have one or two questions to ask in view of the fact that the city of Winnipeg will be affected by it. It is well known that in Manitoba there is potentially a serious power situation. The estimates which were made before the war as to the power required by Manitoba after the war have gone sadly awry. In an attempt to meet the situation, the power resources of the province are being pooled under the provincial government, and certain steps are being taken for that purpose. Some of the leases would have expired in 1962, but there is one between the city of Winnipeg and the federal government which runs in perpetuity. That lease covers the plant at Pointe du Bois, where the city of Winnipeg hydro generates its power. The province, by the passing of Bill No. 109, which is concurrent provincial legislation, can expropriate these sites whenever it pleases. I am also led to believe that this bill is in the form requested by the Manitoba government. Have any representations been made by the city of Winnipeg to the minister or the government concerning this legislation?

Mr. MacKINNON: So far as I know, the city of Winnipeg has made no representations to the government. It may have made representations before I came into the department, but I have no knowledge of them. I am informed that the city had promised full co-operation with the province in the pertinent legislation which was passed by the Manitoba legislature.

Mr. STEWART (Winnipeg North): I thank the minister for that answer. The reason I asked was that in Winnipeg we have a very cheap rate for power. The hydro has a surplus of $1,000,000 a year. Many people in Winnipeg have expressed the fear that once the power sites are expropriated, the rates for heating and lighting may be increased. But in view of what the minister has said I have nothing further to say.

Mr. MUTCH: The evidence that I have as the result of an inquiry from the city of Winnipeg itself is that the management of the city hydro regard alternative "C" of the Hogg report as being the most satisfactory long-term solution with respect to a potential power shortage.

Mr. SINNOTT: I wish to commend the Premier of Manitoba for his foresight in bringing forward this bill. At the present time the rural horsepower in Manitoba is 30,000, which is a good deal short of the amount needed. At the present time there is an attempt to electrify all rural Manitoba. Under this bill the rates of the city of Winnipeg will not be affected. It is the intention of the government of Manitoba to see that all rural

Manitoba has power. Under this bill it is intended to assess all rural users at the same rate.

Section agreed to.

Section 2 agreed to.

Title agreed to.

Bill reported, read the third time and passed.

BUSINESS OF THE HOUSE

On the order for consideration of a resolution with respect to development of the national capital:

Mr. MACKENZIE KING: Stand until later this day.

Mr. BRACKEN: Will the Prime Minister say whether he intends before prorogation to deal with either of the two resolutions standing in his name?

Mr. MACKENZIE KING: There is under government notices of motion only one other resolution, in the name of the Minister of Finance. I do not think that will be proceeded with.

Mr. GREEN: What about those under government orders?

Mr. MACKENZIE KING: I beg my hon. friend's pardon. My hon. friend is referring to resolutions with respect to the Geneva agreement?

Mr. BRACKEN: Yes.

Mr. MACKENZIE KING: I would say that they will not be proceeded with this session.

Mr. GIBSON (Comox-Alberni): Will the Prime Minister indicate whether it is the intention of the government to proceed with the adjourned debate on the annuities bill?

Mr. MACKENZIE KING: I think my hon. friend will discover that it is not the intention to proceed with it.

HOUSING

SHORTAGE OF GYPSUM LATH—REQUEST FOR IMPORT PERMITS

On the orders of the day:

Mr. H. W. TIMMINS (Parkdale): I should like to direct a question to the Minister of Reconstruction and Supply, or to his parliamentary assistant. Is the minister aware that there is a desperate shortage of gypsum lath for house-building purposes in Ontario? Will he take into consideration the placing of gypsum lath under import permit so as to give immediate relief to the house-building situation? I do not see either the minister or the parliamentary assistant in the house.

Hon. ALPHONSE FOURNIER (Minister of Public Works): The parliamentary assistant will be in a little later. He has some supplementary estimates to submit to the house, and I hope that he will then answer the hon. member.

CIVIL SERVICE

SECURITY MEASURES—QUESTION AS TO LOYALTY REGULATIONS

On the orders of the day:

Mr. ALISTAIR STEWART (Winnipeg North): There are two questions which I should like to direct to the Minister of Justice. Under the civil service loyalty regulations, what provision is there for an appeal where a person is rejected? Do regulations exist in writing governing security tests?

Right Hon. J. L. ILSLEY (Minister of Justice): The answer to the first question of which my hon. friend gave me notice is this: There are no civil service loyalty regulations. As was indicated in the statement made to the house on June 22 (*Hansard*, page 5629) it is the view of the government that "loyalty to the state of employees in positions of trust is an essential aspect of the efficient conduct of public administration". The civil service commission has to satisfy itself as to the character and habits of persons appointed by it to government employment. Where the Civil Service Act and regulations are not applicable, the sole responsibility in this regard falls upon the departments themselves. This responsibility as to character and habits includes the suitability of individual employees from the point of view of security.

In the opinion of the government it would not be appropriate to provide for anything in the nature of a tribunal of loyalty. The government, and the civil service commission within the provisions of the law which governs it, must accept responsibility for all aspects of administration, including that of adequate security within the government service.

The second question was: "Do regulations exist in writing government security tests?" The answer to that question is that there are no regulations governing security tests. However, in the discharge of the government's administrative responsibility the attention of departments and agencies is drawn to the importance of security measures, and procedures have been approved for determining the suitability of employees from a security standpoint.

As was indicated in my statement of June 22, in the government's view loyalty is not

susceptible to any precise series of tests, and the only specific instruction which has been given by the government on this subject is that which I mentioned at that time, namely, the special case of those who are members of or associated with communist and fascist organizations.

WHEAT

WESTERN AND EASTERN DELIVERIES FOR EXPORT

On the orders of the day:

Mr. J. A. ROSS (Souris): I desire to direct a question to the Minister of Trade and Commerce. A similar question was asked on June 24 and the answer was not very clear. The question which I should like to have cleared up is whether it is now a fact that the prairie wheat producers must deliver their wheat to the Canadian wheat board, while the eastern wheat producer may market his wheat direct and sell it to the United States or to other countries? The answer given the other day was ambiguous. The question was asked whether a permit was required, and the minister said that the wheat could be exported at this time. I should like a clear answer to the question.

Mr. G. J. McILRAITH (Parliamentary Assistant to the Minister of Trade and Commerce): Perhaps I can take the question as notice and answer it later in the day. I understand the question has to do with soft wheat export.

INQUIRY FOR RETURN

CANADIAN MARITIME COMMISSION

On the orders of the day:

Mr. GORDON B. ISNOR (Halifax): I desire to ask the Minister of Transport when I may expect a return ordered on June 21 for production of papers with respect to appointments to the Canadian maritime commission. I hope I shall receive it today.

Hon. LIONEL CHEVRIER (Minister of Transport): If not today, I will undertake to see that the hon. gentleman gets it as quickly as possible.

LABOUR CONDITIONS

SEAMEN'S STRIKE—CONGESTION AT TORONTO DOCKS

On the orders of the day:

Mr. T. L. CHURCH (Broadview): I should like to ask the government a question based on the congestion on the Toronto docks on account of the seamen's strike. While I appreciate what the government has done about the shipping on the lakes and about the present strike on the lakes, nevertheless the people are afraid to go on the docks to take the steamers, and it is delaying the delivery of fruit, vegetables, coal and oil, and causing serious congestion. I know it is difficult to bring the parties together. Can the minister give some hope of a settlement before the house closes?

Hon. HUMPHREY MITCHELL (Minister of Labour): I have nothing to add to what I said yesterday.

LINDSAY, ONT.

INVITATION TO MEMBERS TO ATTEND OLD HOME WEEK

On the orders of the day:

Mr. C. W. HODGSON (Victoria, Ont.): I received a telegram this morning from the old home week committee of my home town of Lindsay. I should like to invite you, sir, and all hon. members, to visit us between July 1 and July 10. I send a special invitation to the Minister of Labour, because we have not had any labour troubles, disputes, or anything of the kind in that town since confederation.

EXTERNAL AFFAIRS

CONDITIONS IN BERLIN—QUESTION AS TO CANADIAN OFFICIAL PERSONNEL

On the orders of the day:

Mr. GORDON GRAYDON (Peel): Mr. Speaker, I renew my standing invitation to all to come to Peel at any time during the next year.

I wish to direct a question to the Secretary of State for External Affairs. In view of the disturbing press reports with respect to starvation conditions in Berlin, and the apparent move of the Soviet to drive out the other powers from that part of Germany, will the minister indicate what official Canadian personnel are in Berlin at the present time, and also what steps are being taken to protect the interests of Canadians, official or otherwise, in that city?

Right Hon. L. S. ST. LAURENT (Secretary of State for External Affairs): Mr. Speaker, the hon. member let me know just before the house convened that he would ask that question. I have asked my officials for the information. I went to my office just a moment ago, but found that it was not yet ready. I understand that a part of it has to be obtained from the Department of National Defence. The hon. member had

told me that he wished to know those who were there who had dependents with them. That information is being obtained, and I shall give it to the hon. member on my supplementary estimates if there is no opportunity to do it before.

With respect to the food situation, there is very little I can add to what has already been published in the newspapers. Hon. members know that the Secretary of State for Foreign Affairs at Westminster yesterday made a statement about the situation in Berlin. That is in accordance with the information we have. Of course there is a tense situation there—communications have been interfered with—and it is one that is giving us all concern; but I hope it may be relieved. There have been tense situations there before, and they have been adjusted. I know that every possible effort is being made to adjust this one.

[*Later:*]

Mr. ST. LAURENT: This morning the hon. member for Peel asked about the number of persons constituting our mission in Berlin. There are four officers and ten additional members of the staff, and they have in Europe seventeen dependents. We do not know whether they are all in Berlin or in the western zone of Germany or elsewhere at the present time. We do know that some of these dependents are still in Berlin.

ISRAEL

REQUEST FOR STATEMENT OF GOVERNMENT POLICY ON RECOGNITION

On the orders of the day:

Mr. ALISTAIR STEWART (Winnipeg North): I should like to address a question to the Secretary of State for External Affairs. Is the minister yet in a position to state what the government's policy is concerning the recognition of Israel?

Right Hon. L. S. ST. LAURENT (Secretary of State for External Affairs): I have to give a negative answer to the hon. member's question. As all hon. members know, there is a truce in effect between the contending parties in the Palestine dispute. As I have stated previously in the house, it is the wish of the government to avoid taking any action or making any statement which, rightly or wrongly, might be construed by either party as prejudicial to its position during the period of the truce.

[Mr. St. Laurent.]

FLOOD CONDITIONS

BRITISH COLUMBIA—INQUIRY AS TO $5,000,000 GRANT

On the orders of the day:

Mr. G. A. CRUICKSHANK (Fraser Valley): I should like to direct a question to the parliamentary assistant to the Minister of Finance, and he can probably give me an answer later in the day. Has the sum of $5,000,000 or more—and if so, how much—been granted for the relief of the distressed people of any country other than Canada?

Mr. GLEASON BELZILE (Parliamentary Assistant to the Minister of Finance): I take notice of this question, and with the kind permission of the hon. member for Fraser Valley I will give an answer later.

Mr. CRUICKSHANK: I should like to direct a question to the Minister of Labour. I am not sure whether it concerns his department, but I think it does. Is full recompense to be made to the Japanese who were evacuated from British Columbia? If so, what will be the cost? Will it equal $5,000,000?

Mr. HUMPHREY MITCHELL (Minister of Labour): I do not know, Mr. Speaker, what this has to do with the matter, but I shall be glad to look into it for my hon. friend.

Mr. CRUICKSHANK: And give me an answer?

Mr. MITCHELL: The hon. member will get an answer; he need not worry about that. It may not be the kind of answer he wants, but he will get an answer.

[*Later:*]

Mr. BELZILE: This morning the hon. member for Fraser Valley asked if any moneys, in the amount of $5,000,000 or over, have been granted to any country other than Canada for the relief of distressed people, and if so, how much?

It is not possible to break down by countries the amounts which Canada has contributed to the relief of distressed people, since the contributions were made to international organizations.

Canada's contribution to UNRRA amounted to $154 million. The appropriation for post-UNRRA relief was $20 million, and an appropriation of $5·4 million was made in each of the years 1947-48 and 1948-49 for Canada's contribution to the budget of the international refugee organization.

The contributions made by Canada under the combined United States-United Kingdom-Canada program of military relief totalled

$95·6 million, but a portion of the cost of these supplies has been recovered, and additional recoveries may be made.

OATS AND BARLEY

REQUEST FOR STATEMENT OF POLICY

On the orders of the day:

Mr. J. G. DIEFENBAKER (Lake Centre): I do not know, Mr. Speaker, just to whom to direct this question, but I presume the Prime Minister would be the one. Is it the intention of the government to make its decision known as to whether oats and barley will shortly be brought under the wheat board act?

Right Hon. W. L. MACKENZIE KING (Prime Minister): I am not in a position to answer that question at the moment, but possibly during the course of the day an answer might be given to my hon. friend.

INCOME TAX ACT

REVISION AND CONSOLIDATION

Hon. DOUGLAS ABBOTT (Minister of Finance) moved the second reading of and concurrence in amendments made by the senate to Bill No. 338, respecting income taxes.

Mr. MACDONNELL (Muskoka-Ontario): We could not hear a word. I do not know what the amendments are or what they are about.

Mr. SPEAKER: These are amendments proposed by the senate to Bill No. 338, respecting income taxes.

Mr. MACDONNELL (Muskoka-Ontario): We could not hear at all what was said. We did not even know what was being talked about.

Motion agreed to; amendments read the second time and concurred in.

SUPPLY

The house in committee of supply, Mr. Macdonald (Brantford City) in the chair.

DEPARTMENT OF NATIONAL REVENUE

Taxation division—

297. General administration, including authority to create positions and make appointments, within the division, notwithstanding anything contained in the Civil Service Act and the said positions and staff so appointed are hereby wholly excluded from the operation of the said act, $1,813,574.

Mr. MACDONNELL (Muskoka-Ontario): This is the administration section of the taxation division, which deals, I take it, mainly with income tax. I should like to have the minister say something about the organization of this department. As we all know, over the years a great deal of complaint has been made about delays which I think were to some extent inevitable; however, a great deal of discussion has taken place about them. What is being done to obviate the delays which have been so inconvenient to the taxpayer?—sometimes a stronger word than inconvenient would not be out of place.

Hon. J. J. McCANN (Minister of National Revenue): I am glad of the opportunity to say something in reference to the taxation division of the Department of National Revenue. This vote has to do with administration. We at head office are responsible for the administration of the Income War Tax Act, the Excess Profits Tax Act, the Dominion Succession Duty Act, the Canada-United States of America Tax Convention Act of 1943, the Canada-United States of America Tax Convention Act of 1944, the United Kingdom income tax agreement of 1946, the Canada-United Kingdom Succession Duty Agreement of 1946, the provincial corporation income tax of the provinces of British Columbia, Alberta, Saskatchewan, Manitoba, New Brunswick, Nova Scotia and Prince Edward Island, and the war salaries order in respect to cases which are not already settled.

As the hon. gentleman knows, the head office of the division is here in Ottawa, and we maintain offices from coast to coast—from Vancouver, Victoria and Yukon across the continent to Sydney, Nova Scotia. We have in all twenty-four or twenty-five offices. In these offices we have an administrative staff including the head office staff, of approximately twelve thousand people. The district offices are distributed as well as possible, having in mind both the convenience of the public and economy in the administration of the offices.

As the hon. gentleman will understand, returns are made to these several district offices, and cases of assessment where there may be difficulties are referred to head office for adjudication. As to the delay in making assessments, which undoubtedly there has been, I think any fair-minded person will say that is entirely excusable, at least to a point, because of the enormous increase in the amount of work that has to be done. During the war years, as a result of increased taxation and the higher level of earnings of the people generally, the number of returns greatly increased. For 1946 the returns were approximately 3,565,000. The returns for 1947, which came in at the

end of May, and the corporation returns which came in at the end of June, will number from 3,800,000 to 4,000,000.

As to the backlog of work to be done to catch up with the assessments, that has been contributed to by several factors. During the war years, for instance, we lost a great number of assessors, auditors and accountants because industry competed with the government for the services of these employees. Industry was able to pay more money to people who could do that work than the government at that time was prepared to pay. That situation has been remedied to a certain extent by a readjustment of salaries throughout the division within the past eighteen months, and also because industry finds that now there is not the need there was during the war years for people who have particular qualifications in the matter of auditing and working out their assessments.

I give this example to the hon. gentleman; I think he can readily understand it, as anyone can—and that is no reflection on my hon. friend. Take a man who has been working in our department. It is the easiest thing in the world for him to go to a firm and say, "I saw your assessment. I had something to do with it in the department, and I believe that if I were in your employ I could show you how to save a considerable sum of money in your taxation." Of course they are glad to pick up that man and pay him perhaps twice what we are able to pay him according to the regulations. That is quite legitimate; it is good business for him to do that. But things of that kind depleted the staff of the taxation division; and for that reason, together with the increased number of returns during the war years, a backlog of work has accumulated.

I am happy to say this condition is being remedied to a great extent. As at June 15 our employees numbered approximately 11,568, which is an increase of about 2,500 over the number we had two years ago. Assessments now are being made at the rate of about 350,000 a month, so we feel that before very long that backlog of work will be cleared away.

Mr. MACDONNELL (Muskoka-Ontario): Would it be convenient at this point for the minister to tell us what the backlog is?

Mr. McCANN: I can give it in terms of months. We are about eighteen months behind in our assessments. We hope within a year or two, when we get our staff sufficiently well organized and have the people we desire to get and who will be competent to do the work, that within twelve months after the returns are received all the assessments will be made, and we shall be able to start the next year with the decks clear. I believe that is a worthy and desirable objective, and that it is good business to shoot at that target. Judging by the reports made to me privately as to the progress of the work, I have great hopes that we shall be able to attain that objective within the next year or eighteen months.

Mr. MACDONNELL (Muskoka-Ontario): I appreciate the enormous task the department has had to perform, but taking the figures the minister has given, if my arithmetic is correct I find it difficult to see how he can expect to clear up the backlog in anything like the time he has mentioned. Let me see if I have correctly apprehended what the minister said. I understood him to say the backlog was approximately eighteen months. Let us take the returns for a year at 3,700,000, which is just in between the figures for the last two years. If my arithmetic is correct, that would mean a backlog of roughly five and a half million returns. The figure the minister gave as to the rate of progress was 350,000 a month, or 4,200,000 a year, which would be an excess of only about 500,000 over an ordinary year's operations. If my figures are right, unless there is some catch in what I have just said, it would seem more like ten years that will be required.

Mr. McCANN: Oh, no.

Mr. MACDONNELL (Muskoka-Ontario): Then tell me where I am wrong.

Mr. McCANN: The figures I gave the hon. gentleman have to do with the backlog of work, over and above the current work.

Mr. MACDONNELL (Muskoka-Ontario): When the minister said eighteen months I took it to mean eighteen months measured in the number of income tax returns that come in, at the rate of nearly four million a year.

Mr. McCANN: I do not know that I can suggest anything further, except to say we hope that at the end of eighteen months to have the backlog cleared up, and will then be in a position to make assessments of the current year's work.

Mr. MACDONNELL (Muskoka-Ontario): I do not wish to be unduly persistent. However I should like to be clear on this: When the minister says there are arrears of eighteen months, is it correct to say that the arrears of eighteen months amount to 5,000,000 returns?

Mr. McCANN: No, that is not correct.

Mr. MACDONNELL (Muskoka-Ontario): What does it mean, then?

Mr. McCANN: The arrears of which I have spoken are not current returns for this year, which are due only on the 26th, which is today. Last year an extension was made to May 31. Those returns came in only at that time. I said there were approximately 3,800,000 of those returns as a backlog of work, and we expect to have cleaned it up within the next eighteen months. It may be optimistic to think that that can be done, in view of the increasing number of returns being put in.

Mr. MACDONNELL (Muskoka-Ontario): I shall come back to that point later.

Mr. HERRIDGE: I wish to refer to a matter which concerns seriously the south-eastern part of British Columbia. I refer to the necessity for the establishment of a district office in that part of the country. I know a committee was appointed—I do not know whether it was an interdepartmental committee or not—to inquire into the matter. I am sure from their point of view they did what they thought was best. It was proposed to establish an office at Kelowna to serve the Okanagan, and rightly so. Here is a huge area of 40,000 square miles, with over 75,000 people. This area had a production which was valued last year at $127,000,000, and it is not served by a district office of the income tax branch.

It is not as though this situation existed on the prairies, where one can take a car and drive a hundred miles in any direction. As a matter of fact we can do business with Vancouver just as conveniently by train or by mail as we can with Kelowna. Therefore the bulk of business from east and west Kootenay is done through the Vancouver office. We have a large mining and smelting industry, a large lumbering industry, and we do considerable farming. These people are anxious to see a district office established in that area so they may have the opportunity for personal contact which we cannot get by writing letters to Vancouver. I would ask the minister to give the matter serious consideration. I represent one of the most productive constituencies in Canada, one which produces immense wealth, and I think some consideration should be given to the establishment of that office. My suggestion is that the city of Nelson would be the most central point from which to serve the area.

Mr. CASTLEDEN: Has the collection department authority to take wheat cheques from the Canadian wheat board? Is it the practice of the minister's department to get cheques payable to farmers from the Canadian wheat board and to hold them against the arrears of income tax which the department claims those farmers owe?

Mr. McCANN: I have never heard of that being done. If a farmer gets a cheque from the wheat board and wishes to endorse it to pay his tax, that is an ordinary method of doing business.

Mr. CASTLEDEN: Are any cheques taken by your collection department and held back from the farmer to be applied against his arrears of income tax?

Mr. McCANN: No, unless there is a garnishee.

Mr. CASTLEDEN: I have a copy of a letter received from the director of income tax in Regina. It is dated June 5, 1948, and is headed, "Collections, J. R. B. 2139". It is addressed to Mr. William Nikota, of Hamton, Saskatchewan, and states:

> *Re* 1946 income tax, $261.40.
>
> In connection with the account outlined above, may the request contained in this office letter of the 19th of May, 1948, be expedited, please, in order that the Canadian wheat board cheque No. 053342 for $442.20 may be forwarded on to you.

I should like to have this matter looked into. If this kind of thing is being done, I hope it will be stopped, because there is no authority, surely, for that kind of action.

Mr. McCANN: We are doing nothing for which we have not the authority. If that has been done without going through the proper channels and the proper legal procedure, it will not be continued. The hon. member will readily understand that if John Jones is in arrears and owes money, after proper notification if he has not complied with it, it may be necessary to issue a garnishee against money coming to him.

Mr. CASTLEDEN: This is done only through garnishee?

Mr. McCANN: Yes.

Mr. CASTLEDEN: Would they hold the whole amount of his cheque?

Mr. McCANN: I do not know the circumstances of each case.

Mr. DIEFENBAKER: There are one or two questions I should like to ask in connection with the collection of income tax. I believe that one of the greatest reasons for the reduction in agricultural production, at a time when food is more necessary than it ever was before, is that the farmers as a whole, while they do not resent the payment of income tax and are willing to do their part in that direction, as they must, do resent what they regard

as snooper tactics in the investigation of income tax. I shall give an example of this sort of thing which causes resentment.

First I should like to find out from the minister what authority there is for any departmental official to say to young people who work during their summer vacations in order to make it possible for them to go on to collegiate or university, and who by that method would earn about $400, that whatever they earn immediately becomes part of the father's income. Having earned $400 or more, the father is denied the right to include his son and daughter as dependents. This is carrying bureaucratic tyranny to a limit which parliament ought not to countenance. After all, there are members in all parts of the house who were willing to work during their summer vacations in order to earn sufficient to enable them to continue at school. I have some further questions to ask, but I would like the minister to tell me first under what authority such a ruling has been made.

Mr. McCANN: I have heard a similar criticism from other sources. My personal understanding is that the provision is statutory, and we are only administering the law as we understand it in the statutes.

Mr. DIEFENBAKER: Where is the statutory authority for it? I have not been able to find it. Certainly I do not ask the minister as head of the department to do other than carry out the law, but I should like to know what section authorizes any officials to make a decision which cannot but be detrimental to the opportunity of many young men and women during their vacations to earn something with which to carry on their education. While the minister is having the section looked up I will continue with other questions.

Mr. JACKMAN: There is no section, so the hon. member had better not wait too long.

Mr. DIEFENBAKER: The minister is ascertaining how this came about, and I am interested in finding out the justification.

The first question I should like to ask has to do with investigations in general of farmers who are required to make income tax returns. I should like to know how many of the staff the minister has just referred to are engaged as investigators in connection with farmers' income tax returns. How many of those investigators are operating in Canada as a whole, and how many in Manitoba, Saskatchewan and Alberta?

The next question I place before the minister is this: What is the total amount of income tax collected from farmers in Canada as a whole during the current year, and how much of that was payable in the three western provinces? The reason I ask that is that our farmers in the western provinces feel that they are being harassed in connection with the collection of income tax to a greater extent than farmers in other provinces. I ask that question to clarify the situation and to see the actual picture.

About nine months ago an investigation took place in Saskatoon. Certain officials of the income tax department were suspended. It was alleged that they had participated in some kind of arrangement with farmers or taxpayers in general whereby the actual amount to be paid by the individual was concealed in whole or in part. Following the investigation, which the minister told the house about last fall, there were some suspensions. Various investigations took place among farmers, and I am led to believe that several admitted that they had had their income tax returns fixed up in a way that was more generous to them than to the income tax department. Have any prosecutions taken place? Are any being proceeded with? Has the matter been dropped, and if so, is that the end of it?

I should like to ask another question in connection with investigations. On one occasion I asked the minister whether searches were being made of safety deposit boxes in banks without consent of the taxpayer. The answer given was that such was not the fact. I believe every person should discharge his responsibility by paying his income tax, but I do not think anyone can justify an investigator going into a bank and having blanket authority to open up safety deposit boxes. That authority should be given by an order of the court; they should not have that authority on the basis of their own initiative, thereby invading the rights of the individual.

I asked the minister if there had been cases where safety deposit boxes had been opened under ex parte orders issued by a court without the knowledge of the taxpayer. I asked that because while the minister answered me in the negative I have had two or three complaints from farmers in Saskatchewan that they have reason to believe that their safety deposit boxes were entered. The minister said that they would not be without the authority of a court order. Are there cases in which court orders have been issued without the knowledge of the taxpayer?

These are matters which I think our people have a right to know. However commendable may be the efforts of the department—and they are—to assure fairness in the making of

returns, parliament must be equally astute in seeing that the rights of the individual shall not unnecessarily be invaded, or invaded at all outside the law.

I was particularly struck by the answer given by the minister to the hon. member for Yorkton with regard to the holding of certain wheat board certificates as security for income tax in arrears. I am glad the minister was able to give the assurance that that was not being done. It would be an interference by a bureaucrat with the rights of an individual, something that should not be countenanced under any circumstances.

Mr. McCANN: As I remember the hon. member's questions, the first had to do with internal inspection. There are 332 inspectors from one end of Canada to the other. I have not the breakdown as to where they are located, but the last figures I had showed that they were fairly well divided among the several provinces. As far as returns or assessments from farmers are concerned, they are not kept in the division under occupational categories. I could not give the percentage of taxation collections made from farmers, any more than I could give them for textile workers or for any other occupation.

Mr. DIEFENBAKER: Has that been stopped? We did get those figures a couple of years ago.

Mr. McCANN: We have not the information here, but we can get it. It would entail a great deal of work to keep the figures up to date.

My hon. friend referred particularly to a situation in Saskatoon involving a number of employees. I do not intend to name them. After a thorough investigation, both by the officers of the local Saskatoon office and by our office inspectional staff—which is sometimes confused with the inspectional staff which we call the intelligence staff, having to do with matters of evasion—it was found that a number of employees in Saskatoon had been guilty of fraudulent practices and an entire disregard of regulations. They were suspended, and since then some of them have been dismissed. It is not intended to take any legal action against them by way of prosecution.

I regret that such a thing as this should happen, but if you are to run a department efficiently and have honesty among your employees and fair dealing with the public, you cannot condone practices of the kind. I am sure my hon. friend will agree that were he in my position, or some other position of trust, or in business for himself, and found that some of his employees were dishonest and would not obey the regulations, he would not continue to employ them.

Mr. DIEFENBAKER: Quite a number of farmers participated in this fraud to the detriment of the department, by falsifying returns. What happened to them?

Mr. McCANN: Those cases were dealt with like any other taxpayer's and if there were penalties applicable they were put into effect. If it was within the province of the division to impose those penalties they were applied.

Mr. DIEFENBAKER: Were they applied at all?

Mr. McCANN: I am told they were; and if prosecutions were called for, they were undertaken or will be undertaken.

Mr. DIEFENBAKER: How many taxpayers were involved in this fraud?

Mr. McCANN: I cannot give the details.

Mr. DIEFENBAKER: Would not the minister's official know? I understand that it runs to about fifty.

Mr. McCANN: I do not know.

Mr. DIEFENBAKER: Can the minister not find out from his official?

Mr. McCANN: I will try to get that information and give it later in the day.

Mr. DIEFENBAKER: Will the minister also give later in the day the other information I asked for, as to the number of investigating officials in connection with income tax in Manitoba, Saskatchewan and Alberta? That should be readily available. I understand the total number is 332. I would also ask the minister to file a statement showing the amount of the assessments of income tax for farmers in the three western provinces, as well as the amount for the dominion. When the minister tells me he has not the figures in that form, all I can say is that I know the department has them; the minister must have been misinformed because the records are there.

Mr. McCANN: Let me correct my hon. friend. I said we had not those figures here. They are on record in the office.

Mr. DIEFENBAKER: Will the minister also table that today?

Mr. McCANN: Yes.

Mr. MOORE: Have farmers in Ontario who failed to file their income tax returns within the specified time been visited by income tax officials and had their income arbitrarily assessed? I have heard that certain officials

representing the income tax department have gone to farmers and asked them for their bank pass books, and on the basis of the entries therein have arbitrarily assessed the farmers' income; and that in some cases the arbitrary assessment was considerably higher than it should have been.

Mr. McCANN: There has not been any arbitrary assessment. Our inspectors have assisted the farmers in Ontario, as in the other provinces, in making their returns. In Ontario, inspectors both from the district office and from head office, French and English, have attended public meetings which were called in certain districts by the farmers themselves, and have there discussed the problems of the farmers with a view to giving them information which would assist them in making their returns.

I do not want the idea to go out that we are making victims of farmers. Here is the position. Income taxation started in 1917 and a great many of us did not like making out our returns then any better than the farmers do today who have only been making their returns for a year or two. But the law is the law and must be complied with.

What we have done to help the farmers is this. We have put out a book called *The Farmer's Guide*—one book for eastern farmers and another applicable to the particular type of farming that is done in the western provinces. This was done with a view to educating the farmers to keep records of their business done throughout the year. The farmers throughout Canada asked to be assisted as business people. Business people are compelled to keep records, and farmers should keep records, but the great majority of them keep no records. We are attempting to educate them to keep records. We have had many requests for this booklet, and have distributed 700,000 copies of it among the farmers throughout Canada in the last six or eight months.

I have heard of no great protest from the farmers themselves. On the contrary I have received many letters of commendation and thanks for the assistance that we have been attempting to give the farmers in keeping records of their business. But it is going to take a few years to educate the farmers, just as it did the rest of us, to keep records and play their part as other citizens do who are in business. We are not doing anything arbitrarily. We are handling the matter as tactfully as it can be handled, and I have no doubt that in two or three years we shall have obtained the results we expect.

[Mr. Moore.]

Mr. MOORE: I appreciate the minister's reply. I was not trying to make the point that the farmers should not have to pay taxes. I believe that people in the farming industry ought to pay taxes as do people in other industries. But I do hope that the minister will continue along the line he suggested and make these forms as simple as possible. That is one of the main reasons why they object to filing them.

Mr. DIEFENBAKER: It would take a Philadelphia lawyer to make them out now.

Mr. MOORE: That is it. The present form is more like the Domesday book, which was introduced into England by order of William the Conqueror, than a tax form. I hope that in the next two or three years everything possible will be done to make the form simpler.

Mr. McCANN: Work is progressing actively on the simplification of the forms. It might interest hon. gentlemen to know that the present form, complicated as it looks and is, is a better form than the one submitted by the Canadian federation of agriculture, because it is a more businesslike form.

Mr. ROSS (Souris): I want to follow up the answer given by the minister to the hon. member for Lake Centre. He said that 332 inspectors were out. That does not mean farm inspectors alone?

Mr. McCANN: No.

Mr. ROSS (Souris): We should be given a breakdown, because the minister realizes that as the work is carried on there are different types of inspectors. There are those who deal entirely with farm returns, those who deal with business returns, and so on. Of the 332 inspectors we should be told how many are dealing with farm returns and how many are dealing with business returns.

I should like to endorse what the hon. member for Lake Centre said about the young people. That has been a bone of contention for a long while. These young people are actively assisting in the production of foodstuffs on the farm, and some consideration should be given to them. I hope something satisfactory can be worked out there. The minister was going to get us that information. We should get that information before the item passes.

I should like to deal with the Saskatoon mix-up. Will the minister give us the number of informations which were laid, the prosecutions which were started, the number that

were withdrawn and the number that were actually proceeded with?

Mr. HLYNKA: The minister is quite right when he says that until two or three years ago farmers were never asked to pay income tax. This thing is quite new to them. The minister says that as years go by the farmers will become educated. I agree that the farmers are getting real education at the present time. The inspectors come around, compute their taxes for the past few years, and tell them that they have to come through with a payment, regardless of the conditions under which they live.

I should like to deal with two points. No farmer objects to paying a legitimate tax which is levied against him. I have not met a single farmer who objects to paying the same tax and on the same scale as anyone else pays who receives an income. What the farmers do object to is the arbitrary method of sending out inspectors who call at the home of the farmer and ask him what he was worth in 1940 or 1941 and what he is worth today, and then by simple subtraction telling him that he has to pay $1,000 or $2,000, or whatever it may be. In my own constituency farmers have been asked to pay more income taxes for the past three years than they are worth. That is unfair. Why did not the government tell the farmers that they were expected to keep books for 1941, 1942, 1943 and 1944? Not a word was said about income tax then. All of a sudden, after the election of 1945, these inspectors were sent out and told the farmer that he would have to produce his account books for 1941, 1942, 1943, 1944 and 1945. That sort of thing is unreasonable. It is something that should not be permitted to continue.

I appeal to the minister to instruct his officials—and I think it will pay not only the department but the country, and it will be the right thing to do—to forget about these back taxes. It would pay the country, even if we lost a little of the money that could be squeezed out of the farmers, if the income taxes for 1941, 1942, 1943 and 1944—that is, until the department actually issued instructions to collect these taxes—were permitted to fall by the wayside. I do not say that we should not collect taxes from farmers who are well off. Certainly if you can prove to the farmers that they did have income, why should they not pay? I am sure that they will not object; but this idea of slapping a few thousand dollars in a lump sum on a farmer is just the thing that is going to be unjust to the farmer. Furthermore—and I do not particularly object to this—it is going to sweep from western Canada the representatives of the minister's party, because the farmers feel that that is unjust, and that it is an unfair way of collecting taxes.

Mr. SINCLAIR: They did not do it last Thursday.

Mr. HLYNKA: I would not be too optimistic about last Thursday if I were my hon. friend.

Mr. SINCLAIR: Your party certainly should not.

Mr. HLYNKA: The fact remains that you cannot continue to enforce something that is unjust. I say to the minister that he is quite right; he is doing his job well. He is quite right in getting the tax that is levied upon the farmers for the years 1945, 1946, and up to the present time and the same would apply to the future. But he is not right when he sends out a bevy of inspectors who are chasing after the farmers from one end of western Canada to the other and telling them that they have to come through with income tax for 1941, 1942 and 1943. It is unfair.

The other day a farmer told me that he went to town to buy certain articles, and when he returned home he found that his wife and children were crying. He asked them what was the matter. His wife said that the income tax inspector was on the premises. She said that he had been terrible. The farmer asked where he was. She said, "If you go out to the pigpen you will find him. He is counting the pigs, but you will recognize him; he is wearing a hat."

Some hon. MEMBERS: One o'clock.

Mr. FOURNIER (Hull): Perhaps I was wrong in not seeing every hon. member of the house, but I spoke to the leaders of the three parties, and they agreed that we should sit through until three o'clock. If there is no serious objection—

Mr. SINCLAIR: I object to that, because the arrangement last night was that we would rise at one and sit again at two.

Progress reported.

At one o'clock the committee took recess.

The committee resumed at three o'clock.

PRICES

MOTION FOR CONCURRENCE IN REPORT OF SPECIAL COMMITTEE

Hon. PAUL MARTIN (Minister of National Health and Welfare) moved:

That the report of the special committee on prices appointed the 10th of February, 1948, presented to the house on Friday, June 25, 1948, be now concurred in.

Mr. BRACKEN: May I ask a question before the debate proceeds? Is it the intention to conclude this debate before proceeding with any other estimates this afternoon?

Mr. MARTIN: That is the intention and the hope.

Mr. SPEAKER: Is it the pleasure of the house to adopt the motion? Carried.

Some hon. MEMBERS: No.

Mr. BRACKEN: Surely we are to have an explanation of the matter.

Mr. DONALD M. FLEMING (Eglinton): The Minister of National Health and Welfare (Mr. Martin), as chairman on the special committee on prices, has moved that the house concur in the report which was tabled yesterday. It is my intention to review, as briefly as may be, some of the essential features of the report and some of the conclusions that flow from it.

In the first place I do not know how many members of the house have yet had the time or opportunity to read this report; it was distributed in mimeographed form late yesterday. It runs to something over seventy pages, and it may be that at this stage hon. members of the house have not had adequate opportunity to digest it. It is in the hope of assisting members that I desire to make some comments on the highlights of this report.

At the outset I point out that this is a majority report. When it was adopted at 1.30 a.m. yesterday by the committee, the motion for adoption was supported by the Liberal and C.C.F. members present at the time of the vote. It was opposed by the Progressive Conservative and Social Credit members.

The rise in the cost of living is a matter of general concern. Concern over the vaulting cost of living is not the exclusive right of any party or person in this house. It is a matter of the greatest concern to us all, just as it is a matter of lively concern to all Canadians.

The report contains some significant figures. The first appendix gives the figures on the rise in the cost of living in recent months. When the war ended the cost of living index stood between 118 and 120. At the end of May, 1948, the cost of living index was 153·3. The food index has shown an even more amazing climb. When the war ended the index was at a figure of approximately 135. At the end of May it had jumped to 191·2. We have in Canada today a condition of inflation—not of course in the sense of the inflation which Germany experienced after the first war, or the inflation of China today, but nevertheless a condition of inflation. Our Canadian dollar, in terms of purchasing power compared with its purchasing power before the war, is worth just two-thirds of what it was then worth. Today we have a sixty-five cent dollar.

The government of course has misjudged the situation. Last October on his return from Europe, the Minister of Finance (Mr. Abbott), at a time when the cost of living index stood at 138, said it was in the process of levelling off, that it would not go much higher, and that it was the expectation of the government that it would level off at not more than 145. I have already indicated, Mr. Speaker, that the index has continued to climb, and that at the end of May it had reached the figure of 153·3.

This committee in its majority report has been busy tooting its own horn. You will find in not only one but several places in the report statements by the committee to the effect that it has contributed toward checking rises in the cost of living, that the mere fact that the committee has been sitting and has been conducting inquiries has resulted in people who have goods for sale taking lower prices than they otherwise would have taken. There may be the isolated case where that has happened, but in the approximately 4,000 pages of printed evidence taken by this committee, there just is not evidence that warrants such a finding.

The majority on the committee, the government members, have been busy trying to keep up their courage by whistling. Apparently it was necessary in the government strategy, that any discussion on the question of the cost of living be kept off the floor of the House of Commons. And, of course, the government majority on the committee has sought to justify the existence of the committee on some other basis. In all frankness I think the government majority might have said that was the purpose the committee could best serve.

However, I wish to comment briefly on the evidence as to the alleged usefulness of the committee. The one case to which the committee can point, where an individual said he was reducing the price of his product as the result of a request from the committee, was that of a baker in the city of Montreal, where according to my recollection he has one or two shops. He said he was going to reduce his bread from fourteen to thirteen cents a loaf. That was the only case; and on evidence of this kind the government majority on the committee purports to justify the existence of the committee and these four and a half months of sittings. It was a good advertising stunt on the part of that particular merchant. He obtained national advertising. I think it shows he was a realist and a good businessman, and that he really pulled the leg of my hon. friend the chairman of the committee.

However, the committee has seen fit to do something else. It has tried to justify its existence by the length of its report. So we have a report of almost prodigious length, measured in terms of what the committee has really accomplished; a report padded with repetitions. In other words, having little to show for its efforts, the committee has sought to write a long report to give the impression that the report has value.

Now I have some direct observations to make upon the report itself. The first observation is that the report was steam-rollered through the committee. Bear in mind, sir, that the committee continued its public sittings right up until Thursday noon of this week, and members of the committee saw the draft report for the first time Thursday morning. Several members were appointed a drafting committee and given copies of a draft report late the night before, too late to read it; but the committee sat down with a draft report in front of it for the first time on Thursday morning, a draft which was placed before us by the chairman and vice-chairman. The committee sat through the whole day, and at one-thirty Friday morning purported to adopt that report.

What was done at the meeting? There was discussion, a good deal of it; but in every case it came down to this: the opposition members on the committee were told, not once but repeatedly, that they might make observations, they might discuss the report, they might offer amendments, but unless those amendments were simply matters of dotting the i's and crossing the t's they would not pass. We were told that before we even began to discuss the amendments. You will realize, of course, Mr. Speaker, that as far as any participation by the members of the committee in writing that report went, what went on was little more than an empty formality. The essentials of the report were settled and determined before the committee ever saw it. When the report was submitted the committee was told that no amendment of substance would be tolerated.

Is this kind of procedure likely to elevate parliament, parliamentary institutions and parliamentary procedure in the minds of the public? I say that no tactic will more quickly and effectively undermine the confidence of the people in parliamentary institutions than steam-roller methods of this kind.

But that is not all. For several days past the press has in advance carried portions of the contents of this report. I am sure it must have shocked some members of the committee to find, when the report was finally submitted to them on Thursday, that it tallied verbatim with reports which had been appearing in the press for some days in advance, as to recommendations and statements the report would contain when made public. That is a shocking state of affairs, that the press or others should have access to a draft report, which was railroaded through a committee, before the members of that committee even had an opportunity of seeing it.

We find in this report what purport to be findings of fact. You will recall, Mr. Speaker, that in the resolution passed by this house last February the committee was given three tasks to perform. First, we were to find out the causes of the recent rise in the cost of living. Second, we were told to examine and report from time to time as to prices which had been raised above levels justified by increased costs. Third, we were to report upon rises in prices due to the acquiring or withholding from sale of goods by persons in excess of their own reasonable requirements.

These were the three tasks the committee was directed to perform. There is not time to review in detail what purport to be the findings of fact in this report. The committee was described by the Prime Minister (Mr. Mackenzie King) and others who participated in the debate in the house as a fact-finding body. I cannot go over the findings in detail, but I do wish to comment briefly on them.

In the first place many of them are not according to the evidence. Others represent a lopsided, distorted and unfair presentation of the evidence. In the next place, the government majority on the committee has seen fit to turn this document into a vehicle of Liberal political propaganda. I am obliged to use the mimeographed copy of this report in referring to its contents; and I note on pages 14 and 15, for instance, that the government majority on the committee, the persons who really carried the report, though they were told to inquire into the causes of the recent rises in the cost of living, have seen fit to go back to the first great war, and to conjure up pictures of the relief lines in the days of depression. That is not the only evidence in this report that the government majority on the committee saw fit to turn it into a vehicle for political propaganda. There are many others, and I hope to have an opportunity of briefly indicating some of the more important examples.

Surely in a matter of this kind, where a parliamentary committee is purporting to reach findings of fact, parliament, or the committee in the first place, should make a complete statement of the facts and then reach a considered finding in reference to those facts. What has happened here? It has written page after page after page of general material in which expressions like this frequently occur:

"in certain lines of business" certain individuals and persons did certain things of which the committee does not approve.

Let me make this abundantly clear: wherever there was evidence before the committee that an individual was profiteering, then I say, with emphasis, that the committee should have said so and should have stated the facts on such things in detail, put them on the record, and reached its judgment about the individuals concerned. But that is not the way in which the majority on this committee has gone about its task. All the way through this report, in two-thirds of it, you will find this idea iterated and reiterated: that certain individuals in certain lines of business have done certain things—a general condemnation, without any attempt to separate those who were responsible for such things from those who were in no sense tarred with the brush of such actions.

This is an absolutely improper approach to the task. Where individuals have been responsible for lifting prices unwarrantably, those individuals should have been censured in this report. That is no excuse for a general smearing of all companies in any particular business. In that respect this report is a highly deplorable and incomplete document.

The majority of the committee has been at great pains to find certain causes for the rise in the cost of living. Mr. Speaker, you will search in vain through the pages of this report for references to the extent to which government policies—many of them directly inflationary in their nature—have entered into the rise in the cost of living. Similarly you will search the pages of this report in vain for any reference to the extent to which government taxation has entered into the continually increasing cost of living.

Why is it that this report, which is so voluminous and so generous with its words in so many other respects, has seen fit, in the wisdom of the government majority, to maintain a most discreet and awesome silence on two of the leading causes for the rise in the cost of living—inflationary government policies, and government taxation? It is in those respects and in others a woefully incomplete report of the proceedings of the committee. As a result there are certain aspects of it upon which I shall have to enlarge later, and I only mention that in passing.

When I come to what are called the conclusions in this report, hon. members will see why I say that the whole report bears clear evidence of the fact that on the part of the government majority it was written in a state of panic following three recent by-elections in which the government candidates went down to defeat. It has been coloured for considerations of political expediency, on the part of the government majority.

We find at an early stage in the report what are described as conclusions. I have always thought it was usual to put the conclusions at the end of any document, but the committee has seen fit to put the conclusions at the beginning of the report. Why? Apparently the majority in the committee were very anxious that these conclusions at least should be read, even if people did not have the patience to go further into the report.

These "conclusions", sir, as you will note from reading the report, are recommendations; they are not conclusions at all. They are recommendations because they ask the government to do certain things. Why should these so-called conclusions appear, and by what name shall they be called? I propose to call them recommendations in the report, because that is the name given to them in the further supplementary estimates tabled in the house this morning. As item 934 we find an amount of $50,000 for the following:

> To provide for the expenses of a commission to be appointed under part I of the Inquiries Act, to inquire into prices and related subjects, as recommended by the special committee on prices.

Therefore, with this approval in the government's further supplementary estimates, I choose to call these conclusions "recommendations". How does it come about that these recommendations appear in the report?

May I recall to members of the house the course of the debate which took place in the house early last February. We of the Progressive Conservative party said that the committee should have the power to make recommendations. We urged that. But what were we told? The Prime Minister had something to say about that, and the reasons why in his drafting of the resolution there had been no reference to any power to make recommendations.

At page 749 of *Hansard* for February 2 the hon. member for Lincoln (Mr. Lockhart) asked: "What about recommendations?" The Prime Minister in his answer said that so far as he was concerned the committee was not being given power to make recommendations, but that if they came back later and thought they should have the power to make recommendations, he would be prepared to treat sympathetically the request of the committee. From time to time in committee the subject of asking for power to make recommendations arose, but the committee did not place any motion of that kind before the house.

Therefore it was with no little surprise that members of this committee found themselves confronted yesterday at 12:45 a.m. with a whole volume of recommendations. Bear this in mind, that everything the committee had done in four and a half months, sitting day in and day out, had been done on the basis that the committee was only a fact-finding committee and had no power to make recommendations. Many of us were surprised, indeed amazed, to find the press carrying a statement a few days before opposition members of the committee saw the draft report —a statement that the committee would make recommendations. We said it could not be so, because the committee had been told it had no such power.

It remained then for the vice-chairman of the committee, the hon. member for Winnipeg South Centre (Mr. Maybank) to introduce in the committee this chapter of recommendations. It is worth remembering that it was this same hon. member who, when this matter was under debate in the house on February 3 last, said that Your Honour should rule out of order the Progressive Conservative amendment which sought to give power to the committee to make recommendations. He saw fit to say that the committee was to be a fact-finding committee, and that if it were given the power to make recommendations it would usurp the functions of the cabinet.

Mr. MAYBANK: On a point of order, the hon. member is not quoting me correctly. If he desires to quote what I said in the house, I would request that he do it directly and not by paraphrase.

Mr. FLEMING: It will give me very great pleasure to quote the hon. member's language in the house, as it is found at pages 819 and 820 of *Hansard,* where he deals with the amendment of my leader. The hon. member states that the effect will be to change the nature of the committee entirely from that of a fact-finding committee, that the committee would then be advising on government policy. Then on page 819 the hon. member is reported as follows:

I submit that that procedure is quite foreign to the parliamentary system of this country.

He is referring to committees recommending matters of policy.

Mr. DIEFENBAKER: Read the amendment.

Mr. FLEMING: I have been asked to read the amendment of my leader; I shall come back to that. The hon. member went on to say:

Government policy is to be designed by that committee which we commonly call the cabinet, which has that responsibility and which must at all times have the confidence of the House of Commons. That in itself seems to me sufficient to require that a ruling should be given denying the validity of the amendment of the leader of the opposition.

What was that amendment? The amendment recommended that the said resolution be amended by inserting certain things, and then I come to the part that is of practical relevancy, which reads:

2. By adding at the end thereof the following clause:

"That as well as reporting its findings the committee shall from time to time make recommendations to the House of Commons, as in the opinion of the committee may be considered necessary to secure as far as possible fair and just returns to producers, employees and employers and fair and just practices in marketing and distribution that will safeguard the interests of consumers as well as of producers."

Bear in mind that the remark of the Prime Minister which I quoted had reference to recommendations in general. That remark was made in reply to a question which was asked before the amendment of my leader was introduced in the house.

The hon. member for Winnipeg South Centre went on to say—and I ask hon. members to bear his words in mind when reading the recommendations appearing in this report:

In addition to the fact that these amendments would direct the committee to be a policy-making body, thereby usurping the functions of the cabinet, they seek to put the committee in the position of recommending expenditures of public money.

And later on:

—and the advisability of reverting to the payment of subsidies, which, of course would also mean the payment of public money.

The report contains a recommendation for the payment of subsidies, one of the very things on which the hon. member sought to have that amendment ruled out of order. He continues:

A committee making a recommendation of that kind would be a body, not charged with the responsibilities of government, taking on the functions of government even to the extent of dipping into the public purse and directing expenditures therefrom.

And this is his parting shot:

All this, I submit, shows that these amendments are not designed only to give direction to a fact-finding body, but are designed to change the fact-finding body completely, making it a body which would have power to bring in recommendations on all manner of things, many of which could be relatively distant from the actual question of prices themselves, and very far afield from the original motion.

I do not know whether the hon. member regards himself as a prophet, but those words

of his are prophetic if you look at the recommendations that this committee has seen fit to bring in. I emphasize that the rules under which it proceeded, the whole basis of this inquiry of four and a half months was that it had no power to bring in recommendations.

These recommendations were submitted at the end of a long day; at exactly 12.45 a.m. they made their first appearance. When the government majority on the committee through the chairman and the vice-chairman saw fit to place in the hands of the members of the committee the draft report upon which the members were to pass, it did not include these recommendations. That part was held back until the conclusion of a long day at 12.45 on Friday morning. The recommendations were read then and put through in the space of minutes. I took objection on a point of order, and the chairman saw fit to overrule the objection. The rest of the committee were playing the game according to the rules that had been laid down by the house, but it remained for the government majority on the committee, backed by the ruling of the chairman, to change the rules in favour of government policy in the last half of the ninth inning of the game. There were two sets of rules, one for the opposition members of the committee, and another set which was brought in during the dying minutes of the committee's sessions to suit the interests of the government.

Not only that; look at these recommendations. Some of them deal with matters that were never before the committee at all. The second one deals with the combines investigation commission, and suggests that the funds placed at its disposal are not sufficient. The commissioner was before the committee, and he did not say that he needed more money. Where that recommendation comes from, one does not know; but I do say that if money is needed to make the combines investigation commission more efficient for the purpose of finding evidence of combines that are inimical to the public interest through profiteering of any kind, then the house would be willing to authorize whatever expenditure might be required for that purpose. As I said, the commissioner said nothing about that, and it does not appear anywhere in the evidence.

Then we are asked to deal with such things as a uniform system of business accounting, which we are told has been advocated by various business associations in Canada. There is no evidence that came before the committee from business associations of Canada asking that a uniform system of business accounting be imposed by force of law on businesses in general. We heard about this for the first time when this recommendation appeared on our desks about one o'clock yesterday morning.

[Mr. Fleming.]

There is reference to rent controls. I am sure hon. members of the committee would have been very glad to consider the question of rent controls, but here we have a recommendation dealing with a matter on which the committee had no evidence. The only thing in regard to rent control that the committee heard about was whether controls on commercial accommodation should be continued or discontinued last March. We had no evidence at any time on the subject of the rent control of housing accommodation. It may be that the recommendation contains the substance of the views of practically all hon. members on this subject, but I am pointing out that this committee has brought in a recommendation on a matter in connection with which it had no evidence whatsoever.

I come to two other recommendations. One recommendation is for the removal of the excise taxes that were imposed as part of the government's restrictive program last November. It is a very sound recommendation; but where were the voices, during those many months from November, 1947, down to the present, of those hon. members who so glibly took up this proposal and hustled it through in the early hours of yesterday morning? They were the ones who stood up and supported the stand of the government in railroading those taxes through and imposing them by radio. At that time they saw fit to approve the principle of the imposition of taxes by radio. In this finding, commendable as it is, we see evidence that at last government members have wakened up, that at last they are beginning to pay some attention to the feelings of the people of this country with regard to these iniquitous taxes.

But that is not the only way in which the government members on this committee have in a practical way, whether they realized it or not, expressed themselves in terms of condemnation of government policy—of a government policy, incidentally, very stubbornly adhered to by this government. They say now that the government ought to give consideration to a relaxation of the import restrictions. It is the same thing again, Mr. Speaker. We of the official opposition—other opposition members can speak for themselves—fought these import restrictions on the basis on which they were imposed—yes, imposed by radio decree by the Minister of Finance. The government members on the prices committee should now be congratulated on having at least recovered a sense of reality, a sense of their obligation to the people.

In a word, sir, these recommendations, smuggled into the report in the dying moments of the session, show quite clearly that

they have been written by political hands for a political purpose. This apparently is to be the new Liberal platform. It is hard to conceive of these recommendations being introduced by the chairman of the committee and the vice-chairman, themselves respectively a minister of the crown and his parliamentary assistant, without their having been carefully reviewed in advance and enjoying the doubtful distinction of cabinet approval. Whether that be so directly or not, we may be very sure that apparently here we have, in embryo form, the new platform which the Liberal party proposes to write at its forthcoming convention in August next.

I make this observation. It is quite clear that the person principally responsible for the drafting of the report—and I strongly suspect that it was the Minister of National Health and Welfare—has written it deliberately with a view to nudging over the C.C.F. so that the Liberal party can find a place well to the left of its present position. In many respects it has succeeded in out-C.C.F.'ing the C.C.F. That is no doubt the reason why the hon. member for Cariboo (Mr. Irvine), the C.C.F. member on the committee at the time the report was adopted, endorsed and voted for the report. If the government wants to write that kind of platform with that political view in mind, I suppose it has a right to do it, and the people will have an opportunity to judge just how much weight they should attach to recommendations of this kind, written to temper the winds of political expediency, and also apparently to take refuge from the winds of public disfavour as expressed in three recent by-elections.

I wish to make this general comment on the nature of the inquiry conducted by the committee. As a review of the price structure and as an investigation seeking to ascertain the reasons for the rise in the general price structure, it is woefully incomplete. I draw this to your attention, sir, that the committee dealt with only a few commodities. It investigated bread, butter, meats, fresh fruits and vegetables, and some textiles. In none of these cases did it investigate the commodity from the stage of its primary production until it is sold to the consumer. It took one stage, or at most two stages only. In the first place, I repeatedly asked the committee when it had completed its bread inquiry to bring in its report on bread. But government members said: Oh, no; it is not ready yet, because we shall have to go back and investigate the milling industry before we can complete our report on the bread industry. But the committee saw fit, through its government majority, to bring in its report yesterday without having made any investigation into the milling industry. On butter we heard evidence from co-operatives, traders and storage warehouses, but not from retailers. On meats we heard from the packers, but not from wholesalers or retailers. On fresh fruits and vegetables we heard wholesalers, but nothing from retailers. On textiles we heard from primary manufacturers of three textiles, but we heard nothing about the intermediary stages before the textiles reach the ultimate consumer.

No attempt was made by the committee to seek a pattern of the price structure. These commodities we selected, were chosen largely because their prices were pressing on the consumer. These selections may have been sound, but I draw attention to this, that there is no ground for saying, as the report does say, that the committee has made a representative selection, or that it has found a pattern; for the committee has not touched on other foods, nor has it inquired into clothing, boots and shoes, fuel, and many other commodities.

To illustrate how incomplete an inquiry of this kind was from the point of view of getting at the nub of the problem, which is the price paid by the consumer, I draw this to your attention, Mr. Speaker: that in our inquiry into the prices of wool—. It has just been intimated to me, sir, that you are about to rule that I am under a time limit. I shall have to argue against it if you make that ruling. I am far from finishing the main portion of my speech, and I consider that on a government motion moved by a minister I am under no time limit.

But I had better put my amendment on record now. I move, seconded by the hon. member for Vancouver-Burrard (Mr. Merritt):

That the said report be not concurred in but that the same be referred back to the special committee on prices for the purpose of amending it by deleting the conclusions therein and substituting therefor the following conclusions:

(a) That the government should give consideration to the immediate removal of all special excise taxes levied and collected as from November 18, 1947;

(b) That the government should give consideration to immediately exempting from sales tax and excise tax all articles that enter into the family budget;

(c) That the government should give consideration for the benefit of those in the lower income groups to immediately reducing the income tax and increasing the exemptions;

(d) That positive and practical steps be taken forthwith to eliminate extravagance and thereby reduce the cost of government;

(e) That in the opinion of the committee the continuing increased cost of living and rising prices are substantially attributable to the government's inflationary policies.

It is my purpose now to review the reasons for this amendment.

Mr. SPEAKER: I am sorry to interrupt the hon. member, but I have to draw his attention to the fact that he has spoken for forty minutes.

Mr. FLEMING: Mr. Speaker, may I speak to that ruling? I have already stated in substance my view on the point. I am speaking to a government motion, moved by a government minister, and under the rule there is no time limit applied to the speech of the first speaker of the opposition. I have material here that I should like to lay before the house as to why these inflationary policies of the government have been responsible to a substantial extent for the increase in the cost of living. Unless you stop me, sir, I propose to assert my rights to speak.

Mr. SPEAKER: The hon. member will realize that I have no option but to draw his attention to the fact that he has exceeded his forty minutes. I would also call his attention to standing order 37, which reads:

> No member, except the Prime Minister and the leader of the opposition, or a minister moving a government order and the member speaking in reply immediately after such minister, or a member making a motion of "no confidence" in the government and a minister replying thereto, shall speak for more than forty minutes at a time in any debate.

Since this is not a government order, I am bound to call the attention of the hon. member to the fact that he has spoken for over forty-five minutes.

Mr. FLEMING: I am sorry, Mr. Speaker, but I have to appeal your ruling.

Some hon. MEMBERS: Oh, oh.

Mr. FRASER: You can't take it.

Mr. LESAGE: I never heard such a weak speech.

Mr. LANGLOIS: It is not a ruling.

Mr. SPEAKER: I must remind the hon. member that I did not make a ruling; I called his attention to the standing order. One of the duties of the Speaker is to keep order in the house. Standing order 12 says:

> Mr. Speaker shall preserve order and decorum, and shall decide questions of order, subject to an appeal to the house without debate.

I did not decide a question of order. In calling the attention of the hon. member to the fact that he is not allowed to speak more than forty minutes, I was just keeping order.

Mr. MACDONNELL (Muskoka-Ontario): This is probably the first time that unanimous consent has not been given.

[Mr. Fleming.]

Mr. MARTIN: I am sure my hon. friend does not intend to keep the house very long. I think I would be expressing the views of most hon. members if I said that the hon. gentleman should be allowed to continue.

Some hon. MEMBERS: Hear, hear.

Mr. SPEAKER: If the hon. member has the unanimous consent of the house, he may proceed.

Some hon. MEMBERS: Agreed.

Mr. FLEMING: May I thank the house for its courtesy. I assure you, sir, that I shall endeavour to conclude my remarks as quickly as I can.

I was dealing with the point that the committee had touched only part of the problem of the rise in prices. The thing that we are concerned with is the rise in prices to the consumer. To show how incomplete has been an inquiry of this kind from the point of view of arriving at conclusions as to the reasons for the rise in general price structure, I mention these facts brought out in evidence.

Our inquiry into the price of wool showed that the amount to which the increase in the price at the manufacturing level, the primary producer's level, contributed to the cost to the consumer is only fractional; but the clothing cost index shows this, and these are government figures: in March, 1947 the level was 133·1. In March, 1948 it was 169·9, a rise in that year, sir, of 36·8 points. But look at what has been contributed by the primary producer toward this price rise. The amount that would be contributed by the manufacturer to the cost of a man's suit of clothes would be just $3 in that year. Everybody knows how much the price of men's clothes has gone up in that period. But at the manufacturer's level, which is the only one the committee dealt with, the rise would amount to only $3 in the price of the suit. On an overcoat, only $3 of the total rise was accounted for in that way. According to my recollection the figure was $1.40 on a topcoat. If you will pardon this illustration, in the case of ladies' hosiery we were told that the proportion of increase in cost that could be attributed to the primary manufacture level, with which we were dealing, was sixteen cents a pair. Where do we find the reasons for the rise in the cost to the consumer of the remainder which is the great bulk of the rise in the cost to the consumer, which has, so far as the committee's study is concerned in its report, remained an unanswered question, an unfathomed problem? In the result, sir, I have to say this, that the committee, based on a partial survey of some aspects of half a

dozen commodities in the country, has seen fit to try to exempt the government from blame that properly attaches to government policy for much of the rise in the cost of living.

The government, sir, had the powers to deal with this problem. It had the law at its back, because the wartime prices and trade board general order, to which the house gave the force of a statute a year ago last March, specifically makes it an offence under the law of this country to charge for any commodity a price that is higher than just and reasonable; or to accumulate goods in excess of those required by the individual responsible for his own reasonable purposes. The Bank of Canada was available to the government, and according to the stated purpose in the preamble to the act, it was to be available to eliminate the humps and hollows in general business conditions. The powers of the Bank of Canada were available to try to prevent runaway prices. Then, there is the combines investigation commission with very wide powers. And lastly, but by no means least, there is the power of the government to use the taxing power either for the purpose of taxation or for the purpose of exempting from taxes as the case may be. In every one of those cases the use made by the government of its powers has not been, in my submission, to contribute to a reduction in the runaway cost of living.

May I just mention quickly one or two examples?—because I am trying to hurry along. Take fresh fruits and vegetables. Until the government on November 17 last imposed an embargo on the importation of certain vegetables and restricted the import of certain fruits and put a complete embargo on others, their prices had not soared, but then overnight there grew up a consumer's panic, and prices soared. At or about the end of February or the first of March the government saw fit to impose a price ceiling on these vegetables which were in such short supply, a situation which the Canadian producer was in no position to meet at that time of the year; and the committee, sir, has the audacity to commend the government for acting promptly in that situation, after they had sat back, after creating the condition on November 17 in which these prices soared almost overnight, sat back for three months before they moved to check the runaway prices of those commodities.

As to the Bank of Canada, the evidence given before the committee by Mr. Towers did not leave very much hope that the powers assigned by statute to the Bank of Canada will be used to check this runaway cost of living. Mr. Towers said in effect that, apart from drastic action of the kind that he apparently was not prepared to contemplate, the only thing that the Bank of Canada could do to end it was done, namely, to ask the chartered banks in March of this year to tighten up on loans to commercial enterprises. That is all. In the light of the evidence, it would appear that the powers of the Bank of Canada are not available to be used to check the things that have contributed, within bank policy and government policy with which it is allied, to the increase in the cost of living and the increase in the price level.

In the light of the amendment—and I am trying to hurry now—I shall touch on this question of taxation as it enters into the cost of commodities. In this respect the committee had some evidence before it. But the majority on the committee in this case has seen fit to ignore completely the evidence on this point, has seen fit to ignore completely this entire subject and to write a report that is silent as to the place of taxation; although, may I remind you, Mr. Speaker, that they slipped into the body of recommendations a recommendation for which you will find no counterpart in the pages and pages of narrative in the report.

On the subject of taxation we of the Progressive Conservative party hold the view, as to indirect taxes, that because they are passed on to the consumer, they contribute to increasing the cost to the consumer. That is the nature of the tax. An indirect tax is one that is passed on, by the person on whom it is imposed in the first instance, to the ultimate consumer. You see that in the case of the sales tax and the excise tax. They are passed on and they pyramid as they go on. A year ago I gave the house the instance of stockings that started out at a price of $1 a pair when produced by the manufacturer, bearing an eight per cent sales tax at that point but which had pyramided, by the time the stockings had passed through the hands of the wholesaler, the jobber and the retailer and reached the consumer, to a tax of not eight per cent but 14·8 per cent. All kinds of instances of that sort can be found in which the tax pyramids to a greater height than that.

Then I wish to refer to the subject of direct taxation, and when I do so I am thinking of taxes like the income tax. We say that is a tax which bears heavily on the individual pocketbook and is one that cries for remedial action in times like these; because taxes of that kind should be reduced in times like these in order to come to the rescue of the man who is caught between

the upper and nether millstones of limited income and this rising cost of living.

The government had a great opportunity to use its direct tax policies in a remedial way to meet the exigencies of the hard-pressed taxpayer, above all, those in the lower income brackets, by reducing the tax and by increasing exemptions. In saying that I wish to be quite clear. We of this party have supported the principle of reasonable budget surpluses in good times, but we have said that surpluses of the kind budgeted for this year bear no resemblance to reasonableness under conditions like these, where so many people with small incomes are having such a desperate time today to meet the cost of living.

What has been the government's tax policy? Let me say just a word first as to the excise taxes imposed last November. They were imposed in many cases on the necessities of life; and now, after we heard last Tuesday from the Minister of Finance (Mr. Abbott) a statement that there is no truth in the newspaper reports that the government was proposing to lift the excise taxes which were imposed last November, we find this committee bringing in by a side wind a recommendation directly on that point.

Let no one think the removal of the excise taxes or the other indirect taxes like the sales tax, which applies still to too many items that enter into the cost of living of the average Canadian family, would not reflect itself in a reduced cost of living. Let me just remind you, Mr. Speaker, and the house of what happened last November when the government brought in these increases in taxes. It added for a little sugar-coating a couple of reductions in taxation, one of them being the reduction in the tax on electricity. What happened? The dominion bureau of statistics reflects the fact that, in the month following the removal of that electricity tax, there was an astonishing effect on the cost of electricity to the consumer, the Canadian family. According to the statistics reported by the dominion bureau of statistics, fuel and light for the month—that is, the month following November 18—showed an actual drop of 2·3 points. Is there any reason to doubt that, if the government would remove other indirect taxes, the consumer would enjoy a similar reduction in the cost of living?

If it is the intention of the government really to take seriously the recommendation of the committee in this respect, then let them not boggle about it; let them not try to preserve face by purporting to adopt a recommendation from a committee. Let them boldly take action now and remove these taxes while parliament is in session. Let them bring in their bills now for the removal of these taxes. Away with the excise tax imposed last November! Away with the sales tax as far as it applies to all the commodities that enter into the family budget of the Canadian family! Away with all the other excise taxes that apply to many of these necessities of life which have a direct bearing on the cost of living to the Canadian family!

On the subject of taxes, Mr. Speaker, let me tell you that the committee had some evidence on this point. Here is the evidence given by one of the textile manufacturers who was before the committee. This presentation was filed with the committee just within recent days. This company, Canadian Celanese Limited, shows in its breakdown of taxes that no less than 15·9 per cent of its total dollar volume of sales goes to pay taxes; and of that, 12·8 per cent goes to pay dominion taxes. If we are looking for some opportunity to bring the cost of living down closer to the capacity of the Canadian people to pay, let the government take immediate action to reduce these taxes the Canadian consumers are paying, because they are being paid by the Canadian consumer. I refer to these indirect taxes; and I ask the government also, even at this late date in the session, to deal with the question of trying to preserve to the Canadian of small income the proportion of his income which they are taking now in income taxes and which he badly needs to meet the increases in the cost of living.

Lastly, Mr. Speaker, I wish to refer to controls; and I do not intend to take time to go into the whole subject. I should have liked to have time to deal with them and to read extracts from the evidence on the matter. We had much evidence on the subject of controls, and we had from Mr. Graham Towers the statement that the country cannot expect to use controls to cope with the general rise in the price level unless it is prepared to apply a general over-all price control policy. He said that control would have to include wages and salaries, and would have to be a far more rigid over-all control than existed in time of war. He also recognized that it would have to be generally acceptable to the Canadian people and have their strong support. Otherwise, Mr. Speaker, as you know, you would have the black market running wild.

Similar things were said by Mr. Taylor, chairman of the wartime prices and trade board, the man closer to the enforcement of controls than any other person in Canada, as to the impossibility of maintaining a general over-all price control or of reimposing such

controls today. I asked what would happen if today the government sought to push back prices, as parliament is sometimes invited to do, to the 1946 level. His reply was, "Complete chaos." I asked why, and his answer was simply that the primary producer just would not produce, because he will not produce unless there is a profit incentive for him. If you are going to talk about pushing back prices and enforcing a rigid over-all price control policy, then, according to Mr. Kenneth Taylor, you will just not get production.

In conclusion, Mr. Speaker, I say the problem, in the last analysis being one of scarcity, will be solved only by greater production. That will be the only final solution. Anything that stands in the way of production; anything that results in production being curbed or discouraged, is directly contributing to inflation in Canada. Among those things which are causing inflation are these government policies which are having the effect of discouraging production.

The Progressive Conservative party does not believe that the way out of the problem of a rising level of prices is to grind down the farmer. Today the farmer is simply enjoying rights which he has been denied for a long time. He has not hitherto been receiving fair play, and we of the Progressive Conservative party will oppose any policy that denies the primary producer the fair fruits of his labours.

Nor are we prepared to support any government policy that will have the effect of increasing bureaucracy in Canada and of imposing controls that have as their ultimate effect a restriction of production. If we follow policies that restrict, policies that control, which will have the effect of discouraging production, then our last state will be worse than our first.

Therefore, Mr. Speaker, I submit that the course which ought to be followed right now by this government is to do away with these taxes which have done so much to raise the cost of living, taxes which, with the increased prices, have themselves risen in amount because they are percentage taxes, and these income taxes that are taken from the pockets of the people, money they badly need to meet this increased cost of living. And, sir, this government should abandon the policies I have referred to, which have had the effect of restricting production and discouraging the producer.

Mr. DEPUTY SPEAKER: Is the house ready for the question?

Mr. MACKENZIE KING: I should like to raise a point of order in regard to the amendment. The house may direct a committee as to what it is to inquire into. It may enlarge the order of reference by means of an instruction, but it cannot tell a committee in advance what it must find. That is what this amendment seeks to do. It states:

> That the said report be not concurred in but that the same be referred back to the special committee on prices for the purpose of amending it by deleting the conclusions therein and substituting therefor the following conclusions. . .

In other words, by this amendment the house would be telling a committee which it had appointed to inquire into a matter what its conclusions must be. Here are five findings that are to be made by the committee. Surely a motion to that effect is entirely out of order.

I would refer as well to standing order 65, section 2:

> (2) It shall always be understood that no member who declares or decides against the principle of a bill, resolution, or matter to be committed, can be nominated of such committee.

Here my hon. friend has already decided against the matters that are to be referred to the committee, and has indicated what the committee is to find. According to the rules governing the setting up of a committee, he could not even be a member of it. Obviously the amendment is out of order.

Mr. MacINNIS: I have no particular reason for wishing the motion to be declared in order, but I would refer to Beauchesne, third edition, page 204, citation 570, where I find these words:

> When the motion to concur is proposed the report may be referred back to the committee for further consideration or with instruction to amend it in any respect. It is not competent for a committee to reconsider and reverse its own decision, but if the house resolves that such reconsideration is necessary, the correct procedure is for the house to give the committee instructions which will enable it to consider the whole question again.

The committee is not dealing with this matter; it is being dealt with by the house at the moment.

Mr. DEPUTY SPEAKER: I shall take the representations that have been made into consideration and give a ruling in due course.

Mr. C. C. I. MERRITT (Vancouver-Burrard): Mr. Speaker, I had not thought I would be speaking at this juncture, after the compelling criticism that has been leveled at the government in connection with this report. I should have expected them to make some attempt to defend themselves following the brilliant speech by the hon. member for Eglinton (Mr. Fleming) to which we have just listened. From the unwillingness of any hon. member on the other side of the house to make an attempt at least to justify what the

government and the majority on this committee have done, I feel one is led to the conclusion that they cannot make any defence, that they have none to offer.

In view of that fact, and in view of the lateness of the session I hope I shall not speak at any great length. However, as seconder of the amendment whose fate you have just taken under consideration, Mr. Speaker, I think I should address a few remarks to the house. I sat as a member of this committee since its inception in February, and during the course of such lengthy hearings one cannot help but form some conclusions.

I do not want to repeat anything that has been so ably said by the hon. member for Eglinton with regard to the way in which the deliberations of the committee were conducted, but I must make a few remarks with respect to the fourteen recommendations brought before the committee about one o'clock yesterday morning. The hon. member for Eglinton has pointed out how some of them are critical of the government and critical of the government's policies. Six of them are directly critical of the government. Four more are innocuous enough as recommendations, and will have no effect at all in reducing prices. There is another series of four which I think one could describe as the ash-can sections, because each one of them has in its wording the obvious way in which it can be thrown into the ash-can as soon as the house rises.

I wish to protest against any idea that I was a party to any of those recommendations. I was a member of the committee, so far as the rest of the report was concerned. Although I did not concur in it, and was opposed to it, nevertheless the rest of the report refers to the work of the committee. But this part II of the report, as I call it, the conclusions or recommendations, is not even the recommendations of the majority of the committee. They are the recommendations of a group of Liberal members on the committee, headed by one of the cabinet ministers. They are inspired, not so much from the evidence adduced before the committee, but from the dissatisfaction of those members with the policies of the government. While the main part of the report can be called the report of the committee on prices, I can only call these fourteen conclusions or recommendations the second Breithaupt report. If they are not that, then, as the hon. member for Eglinton says, they are a preview of a Lansdowne park platform in August.

I wish to make it perfectly clear and plain that, as a member of the committee, I resented the attempt to make me a party to the washing of dirty cabinet linen in public; because when we consider that the recommendations —of which the six most important are directly critical of the policies followed by the government—were brought in at this last moment by a member of the cabinet, we can only reach the conclusion that there is a split in the cabinet, and that that split in the cabinet is having a lot to do with the difficulties of this country in facing our present problems, particularly the problem of the rising cost of living.

It is interesting to see what those six recommendations are. There is the recommendation that the import restrictions be relieved. There is the recommendation that the excise tax be removed. There is the recommendation for a change in rental controls, and then there is the recommendation which is perhaps more important than all the others in its application to the great clambake which will take place in August, namely recommendation No. 12, which contains the veiled suggestion that the Minister of Agriculture (Mr. Gardiner) should not be allowed to proceed with his announced policy with regard to the export embargo on cattle.

Some of these are proper recommendations to make. I believe we have advocated all of them but the last from this side of the house right through the session. Furthermore we voted against the introduction of the policies about which the Minister of National Health and Welfare (Mr. Martin) is now complaining. But there is just one thing I would say to him, and that is that he should fix up those things on his own side of the house, and not try to use a committee—at least not one of which I am a member—to fry his fish.

With regard to the rest of the report let me point out that this is a political document entirely; it is not a contribution to the understanding by the Canadian people of the causes of price increases in this country. It could not be considered an attempt at enlightenment of the public. It is a verbose document, and it is inconclusive because it was insufficiently considered.

Right through the course of the investigation, as a member of the committee I have taken the position that we should not load ourselves with so much work that we could not bring in some useful findings with respect to matters which we were investigating. And when we come up to just the day before yesterday—almost the last day of the session—and have thrust before us this long sixty-page report, which took all day to read, let alone to consider, one can see what very little consideration was given to the report by the committee.

I have no doubt that a great deal was thought of it by the Minister of National Health and Welfare, or whoever was its author. But the committee itself had practically no chance to consider it at all. It does not represent a serious attempt to convey to the Canadian people the reasons for the rising cost of living.

I should like to make another general observation about the report and about the work of the committee. I was greatly impressed by the fact, which was brought out time and again in evidence, that the government had, without the committee, all the means at its disposal whereby it could get the information it wanted and could take the action it wanted.

We had before us some of the senior officers of the government—some very able men, indeed. We had before us Mr. Taylor, chairman of the wartime prices and trade board; Mr. Graham Towers, and many other officers in government departments. Their evidence was most helpful. Indeed I believe it was the most important evidence we heard, because they knew, and they told us, why the cost of living had been going up—and they had certainly long before told the government the same things as they told us.

I was greatly interested in one bit of evidence given by Mr. Taylor. The press of this country during the sittings of the committee had a lot to say about the high profits made by companies engaged in the selling of butter. It came like a bolt from the blue. The evidence of Mr. Taylor was that he knew of these butter profits long before the committee was set up, away back at the beginning of December when he was having one of his periodic conferences with the dairy industry. Information about the rise in the price of butter during the fall was known to the government, and yet no action was taken by the government upon that information. It did not need this committee to bring out information with respect to the butter situation; the government knew of it all the time.

It is interesting to note that there were officials of the government very close to the meat situation. They had to be, because the government is in the meat business. There was nothing discovered by this committee that those officials did not know. There was not one bit of that evidence that required the actions of this committee to elicit. I have no doubt that the purpose of setting up the committee was simply to turn pressure away from the government in the house.

When we turn to the report we find that it is completely unbalanced. It is so unbalanced that it is clear it is designed only as an attempt to exonerate the government from responsibility for rising prices. This was a serious committee set up to find out why these prices were rising. We spent ninety-five per cent of our time in investigating the activities of firms in a few lines of business. We spent very little time and gave very little consideration to the much more important problems that are behind the activities of those firms in their various fields.

I suggest that the kind of problem we should have been studying was the relative positions of production and consumption of the goods in Canada which enter into the cost of living. We should have been finding out whether we had enough production and, if not, why not. We should have been trying to see that production was increased. We should have been examining into the question of consumption, and we should have brought in a report to the house showing how these two vital problems contribute to a rise in the cost of living. The fact that we did not go into those fundamental things; the fact that we dismissed them with a few hours of evidence and with a few words in the report shows how political a document this is and how it was not really an attempt to grapple with the problem.

I should like to speak for a few minutes with reference to the last paragraph of the amendment moved by the hon. member for Eglinton, which reads:

> That in the opinion of the committee the continuing increased cost of living and rising prices are substantially attributable to the government's inflationary policies.

There is no direct reference in the report to the influence of government policy on the price level, but in the recommendations of the Minister of National Health and Welfare government policies are inferentially deemed to have made such a contribution to the cost of living. After hearing evidence on the prevailing price levels of a number of commodities, I am of the opinion that those levels were the direct result, or one might even say the considered aim, of government policies.

Mention has been made of the high rate of taxation, of the twenty-three cents in the dollar which goes to the dominion government in taxes these days. Mention has been made of the sales tax and of the easy-money policy of this government which contributed to the increase of purchasing power in Canada, one of the causes of rising prices as found by the committee.

When you come to examine the various commodities dealt with you find a most extraordinary thing. In some cases the domestic wholesale price was fixed by the government, either directly or indirectly, and

in other cases there was a direct connection between government policy and the increase in the price. Let me just deal with the commodities we did examine.

In the case of butter we had evidence that the wholesale price had gone up to between sixty-nine and seventy cents at the time the ceilings were put on. We had evidence that the wartime prices and trade board were instructed early in December to consider the price at which they would reimpose the ceiling. We had evidence from Mr. Taylor that they could not make that decision until they knew what price would be fixed by the government for the export of cheese to Great Britain. When they knew that price at the end of December they were able to put on the ceiling of sixty-seven cents.

We had evidence that the price of butter is directly related to the export price of cheese and that if the prices board had fixed the ceiling price of butter below two and one-eighth times the export price of cheese there would have been no butter production in Canada. In effect, the government put a floor price of sixty-seven cents under butter, and the price we are now paying in Canada is a direct result of government policy.

Similarly with meat. We had evidence which showed that by far the largest rise in the price of pork, namely, four cents from seventeen to twenty-one cents a pound, occurred on January 1, 1947. That price rise immediately followed the negotiation of the new export bacon contract. We had evidence at the same time that the increase in the price of pork caused buyers to increase their consumption of beef, thereby sending beef prices upward. There again a floor price was put under these commodities by the government, and the price of meat as it is today is the direct result of government policy. If the people of Canada are complaining about those prices, they know precisely where to place the responsibility.

With regard to fruits and vegetables, it was only too clear that prices rose as they must when you cause a scarcity condition in any commodity. It was inevitable that the import restrictions on fruits and vegetables would bring about exactly what happened. Although there were cases of high prices and very large profits among fruit and vegetable dealers which should be condemned, the fact remains that it was the policy and the action of this government in imposing import restrictions which made it possible for these things to be done, and it is idle to criticize a few individuals for what they did when the certain result of their policies could easily have been foreseen by the government.

[Mr. Merritt.]

I conclude my remarks by referring to the last recommendation of the committee, No. 14, which reads as follows:

> The committee wishes to emphasize the fact that increased production at home and abroad is the only permanent solution to the problem of high prices. The present shortage of commodities is world-wide, forcing world prices to high levels, which in turn are forcing Canadian prices upward.

There it is pointed out, and of course it is true, and we did not need a committee to tell us, that it is production and production alone which can bring prices down. When considering how far the government is responsible for rising prices I think it is a fair question to ask, what is their record in the stimulation of production? I think we shall find that, far from having any clear policy designed to increase the production of goods in Canada, the government have taken every step they could to restrict production and dam it back and to interfere with the abundant flow of goods in Canada. It is those restrictive policies, which I know the government say have been forced upon them by events, which day by day are becoming more and more responsible for rising prices in Canada.

We shall never have increased production if we maintain the present rate of taxation. Everyone knows that. The government know it just as well as I do, but they have not been able to stop their extravagance and get our taxes down. In the committee we saw the direct relationship between import restrictions and prices. That was evident in the fruit and vegetables field. There is no doubt in my mind that the government's import restrictions are contributing greatly to increased prices in Canada today. At the same time, under the policies of the foreign exchange control board we are stifling the entry of capital into Canada and making it more difficult than ever to import goods and to increase the supply of goods in this country. We have heard in recent months in this house the Minister of Finance (Mr. Abbott) and the Minister of Trade and Commerce (Mr. Howe) say over and over again that Canada's capital goods development is placing so great a strain upon our supply of manpower and materials that it is necessary to cut it back and not to spend so much money on capital development. We have the Canadian dollar maintained at par under the foreign exchange control board. The import restrictions on goods and the maintenance of the Canadian dollar at an unreal figure are two ways of creating scarcity in Canada and consequent rising prices. Rising prices must be the inevitable result of the continuation of these policies, and we shall

never get out of our present situation unless those policies are reversed.

I was most interested to read in the press the other day that the president of the New York curb exchange had visited western Canada and looked over various opportunities there. He was quoted as saying: "You have plenty of opportunities in this part of the country, and we have plenty of capital in the United States seeking a profitable outlet, but you cannot expect capital to walk into a trap." That is the situation brought about by the government's exchange policy. It has stopped the influx of capital which in turn would have enabled us to increase our importation of capital goods and would have lessened the pressure of purchasing power on the price of all other goods that we have in the country or that we wish to import. If, Mr. Speaker, the government should find some way of attracting capital into Canada the import restrictions could be taken off in a moment.

I point out to the government, who are so fearful of an adverse balance of trade with the United States that we must restrict everything we do, that until 1920, for the first fifty years in the life of Canada we had in almost every year, not only an adverse balance of trade with the United States but an over-all adverse balance of trade.

We were always importing more than we exported of our own production. In none of those years was it necessary to put on import restrictions to create scarcities in Canada and to cause our prices to rise in a way to distress our people. In each of those years people abroad, having confidence in Canada and realizing that it was a country in which it was safe and wise and profitable to invest their money, came in here and added to our store of foreign exchange with their own savings. By that action we were enabled to build up the productive forces which we have in Canada today and of which we are so proud.

The Minister of Finance and the Minister of Trade and Commerce have complained about our tight manpower situation. They have suggested that, since we have full employment, the only way to improve our present difficulties is to put on excise taxes and to cut back consumption and production. Why should we cut back production and consumption because we have full employment? Why should we not go after the manpower bottleneck, step up our immigration program and, alongside of new capital, bring in the new people to work in Canada to enable us to get after this production which the minister recommends so strongly?

In the first four months of this year, according to figures given in the house the other day, only 32,500 people came into Canada; I do not know how many left. That is at the gross rate of 100,000 a year. Well, Mr. Speaker, in the great days of this country when we were trying to go ahead instead of to cut back, when we thought a rise in prices was a sign of prosperity instead of a thing we should shrink from, we had 200,000, 300,000 and 400,000 people coming to Canada every year. We had the money coming in with them to assist us in putting these new Canadians to work. We had prosperity all round and a happy and contented people, not a people worrying as to where they would get their next day's supply of bread and butter.

What I dislike particularly about the restrictionist policy of the government is this. If ever I learned anything while sitting on the committee on prices I learned that the policies of this government in cutting off the flow of goods in Canada, in cutting back production and in attempting at the same time to reduce our consumption by these various control measures which we all know so much about this session, are bound to lead to further reduction in production and further rises in prices. So long as you stop goods coming in; so long as you stop the increase of our production facilities; so long as you keep this country with a manpower shortage and allow in only a trickle of people every year, so long will you keep your high prices. It is time that the government completely swallowed themselves and reversed their policies. It is time they stopped excessive taxation; it is time they stopped restricting trade; it is time they stopped stifling capital development, and it is time they went after the manpower shortage instead of sitting back and saying that because we have not the people we cannot do anything in this country.

In spite of the recommendations and conclusions in this report, I suggest that we pay no attention to it. I suggest that we set the dollar free, that we set trade free, that we set the Canadian people free to go about production in Canada in their own way and as they see fit. I suggest that we make this country a mecca for all free people who are vigorous and want to work, who want to have opportunity. Then we shall have production, and when we have production we shall have reduction in prices.

In these days we have an opportunity of gathering our forces together to go on to be a great nation. The test of whether we have a good government in Canada is whether people outside our borders who have money to invest, or who want a future in a country of opportunity, are looking to Canada as a place where they want to invest their money or to make that future. If you have an inflow of capital and people, then you have a good

government. If you do not have these two things; if you dry them up, you have a bad government. Anyone who knows about the figures of immigration of people or capital today knows we have a bad government now.

Mr. DEPUTY SPEAKER: Before the hon. member for Vancouver-Burrard (Mr. Merritt) spoke, I informed the house that I would consider the representations which were made with respect to the amendment which was moved by the hon. member for Eglinton (Mr. Fleming). Since then, I have had an opportunity of doing so. If the amendment is an instruction to the committee to do certain things, I would refer hon. members to Beauchesne, third edition, citation 407, which reads:

> An instruction is a motion empowering a committee to do something which it could not otherwise do, or to direct it to do something which it might not otherwise do.

Mr. DIEFENBAKER: Are you going to allow any discussion before you make your ruling, Mr. Speaker? You retired for the purpose of considering some representations; but, as I understood it, with great respect, you gave no indication that you would make a decision without having further representations.

Mr. DEPUTY SPEAKER: The Prime Minister (Mr. Mackenzie King) raised the point of order. The hon. member for Vancouver East (Mr. MacInnis) discussed the subject. I am not going to shut off discussion immediately, but I should point out to the house that discussion on a point of order should be limited. The Speaker must decide when he feels that he has heard enough representations. I shall be glad to hear any representation from the hon. member for Lake Centre (Mr. Diefenbaker) which he wishes to make.

Mr. DIEFENBAKER: I refer you again, sir, to citation 570 to which reference was made by the hon. member for Vancouver East. I shall read it and then I shall endeavour to apply this amendment and bring it within the ambit of this particular reference. The citation reads:

> When the motion to concur is proposed the report may be referred back to the committee for further consideration or with instruction to amend it in any respect. It is not competent for a committee to reconsider and reverse its own decision, but if the house resolves that such reconsideration is necessary, the correct procedure is for the house to give the committee instructions which will enable it to consider the whole question again.

The report that has been moved for concurrence sets out fourteen recommendations made by the committee. I might just mention one as an indication of the type. Paragraph 9 reads:

> The committee is of the opinion that the government should consider whether the time has not come to remove the special excise taxes on commodities in common use in Canada.

As I see it, the amendment moved by the hon. member for Eglinton follows that paragraph so directly that it is inconceivable on the authorities, I submit, that Your Honour can come to any other conclusion than that it falls directly within the provisions of the citation to which I have referred. I would point out that the amendment reads as follows:

> That the said report be not concurred in but that the same be referred back to the special committee on prices for the purpose of amending it by deleting the conclusions therein and substituting therefor the following conclusions. . .

I submit, Mr. Speaker, that is actually what citation 570 says:

> . . . be referred back to the committee for further consideration or with instruction to amend it in any respect.

The amendment consists of the deletion of twelve recommendations and the substitution of five recommendations particularly set out in it. I submit that it comes entirely and completely within the purview of the citation that has been brought to your attention.

Mr. ST. LAURENT: May I say a word in answer to the hon. member? Will he look at paragraph (e) of the proposed amendment, and will he undertake to say that it is competent to this house to say to members of the committee:

> That in the opinion of the committee the continuing increased cost of living and rising prices are substantially attributable to the government's inflationary policies.

As is stated in paragraph (e).

The matter can be referred back to the committee for consideration, but the house cannot say to the committee that the committee shall have such and such an opinion. That is something which the committee can adopt or not after it has considered the matter. But it would be a queer system of democratic government if it were competent for this house to say to the committee what opinion it should have on a certain matter. The house can say to the committee members, "Reconsider and express your conclusions"; but the house cannot say to them, "You shall reconsider and it shall be your opinion" that such and such is so.

Mr. DIEFENBAKER: May I ask the minister just one question? Is his objection to the amendment directed entirely against paragraph (e)?

Mr. ST. LAURENT: No. My objection to the amendment is to the form in which it is drawn, because the amendment purports, not to send the matter back to the committee for reconsideration but to send it back to the committee saying to the committee what judgment it shall express; and that is something which it is not in the power of the house to do. I cannot dictate to my hon. friend what his opinion or his judgment shall be. I can ask him to reconsider a matter, but I cannot dictate to him what his judgment or his opinion shall be.

Mr. DEPUTY SPEAKER: I wish to thank hon. members for assisting the Speaker to come to a conclusion. Apparently both members who have spoken are agreed that this is an instruction. The question arises as to whether it is mandatory; and if it is mandatory, is it beyond the powers of this house? I refer hon. members to Beauchesne, third edition, the first part of citation 409, which reads as follows:

> An instruction which is generally made when a bill is committed, is not mandatory, and it is therefore customary to state explicitly in the motion that the committee "have power" to make the provision required. The intention is to give a committee power to do a certain thing if they think proper, not to command them to do it.

This amendment gives no discretion to the committee. It is required to do the things which are set forth in the amendment.

I note that paragraphs (b) and (c) in the amendment deal with a matter that has been voted on by the house. On May 27 the house voted against the amendment of the hon. member for Rosetown-Biggar (Mr. Coldwell), which was to the effect that the government had failed to remove or substantially reduce the burden of sales and excise taxes which bore most heavily on those suffering from low income and the high cost of living.

It is a well-known principle, as stated in May, thirteenth and fourteenth editions, that no question shall be offered to the house which is substantially the same as one on which their judgment has already been expressed during the current session.

Mr. ROSS (Souris): What about the committee report?

Mr. DEPUTY SPEAKER: I would also refer to the point raised by the Secretary of State for External Affairs (Mr. St. Laurent). I would point out that the last paragraph of the amendment purports to dictate an opinion to the committee, which procedure is against all rules of parliamentary practice. For these reasons I declare the amendment out of order; and I believe the last one in itself is sufficient to justify me in doing so.

Is the house ready for the question?

Some hon. MEMBERS: Question.

Mr. IRVINE: Mr. Speaker—

Mr. BRACKEN: Did you rule this amendment out of order, Mr. Speaker?

Mr. DEPUTY SPEAKER: Yes.

Mr. BRACKEN: Then, with all respect, Mr. Speaker, I must appeal against your ruling.

Mr. LESAGE: You are too late.

Mr. DIEFENBAKER: What is too late around here?

Some hon. MEMBERS: You are.

Mr. IRVINE: Mr. Speaker—

Mr. BRACKEN: Hon. members may take the position that it is too late, but the country will not take that position.

Mr. DEPUTY SPEAKER: Order. I understand that the leader of the opposition appeals against the Speaker's ruling with respect to the amendment.

Mr. BRACKEN: That is right.

Mr. DEPUTY SPEAKER put the question as follows:

> On motion of Mr. Martin, seconded by Mr. Mitchell, that the report of the special committee on prices be concurred in, the hon. member for Eglinton moved in amendment that the said report be not concurred in but that the same be referred back to the special committee on prices for the purpose of amending it by deleting the conclusions therein and substituting therefor other conclusions.
>
> I ruled the amendment out of order on the ground that it was mandatory and contrary to citation 409 of Beauchesne, third edition. I also ruled it out of order on the ground that at a previous sitting of the house the matter had been voted upon, and that it was a well known principle that no question should be offered which is substantially the same as one on which judgment has already been expressed at the current session. Finally I ruled the amendment out of order because it purported to dictate an opinion to the committee, which is against the rules of parliamentary practice.

The house divided on the question: Shall the Speaker's decision be sustained? And the decision of the Chair was sustained on the following division:

YEAS

Messrs:

Archibald	Lafontaine
Ashby	Langlois
Baker	Laurendeau
Beaudoin	Lesage
Belzile	Little
Benidickson	McCann
Bertrand (Laurier)	McCuaig
Bertrand (Prescott)	McCullough (Assiniboia)
Bertrand (Terrebonne)	McDonald (Parry Sound)
Blackmore	McGarry
Blanchette	McIlraith
Boivin	MacInnis
Bourget	McIvor
Bradette	McKay
Breithaupt	MacLean
Brown	MacNaught
Brunelle	Martin
Caouette	Matthews (Brandon)
Clark	Matthews (Kootenay East)
Claxton	Maybank
Cleaver	Mayhew
Cloutier	Michaud
Coldwell	Mitchell
Coté (Verdun)	Moore
Dickey	Mutch
Dionne (Beauce)	Nixon
Eudes	Parent
Fontaine	Quelch
Fournier (Hull)	Reid
Gauthier (Portneuf)	Richard (Ottawa East)
Gibson (Comox-Alberni)	Rinfret
Gillis	Robinson (Simcoe East)
Gingues	St. Laurent
Gladstone	Sinclair
Golding	Sinnott
Gour (Russell)	Stewart (Winnipeg North)
Gourd (Chapleau)	Thatcher
Grant	Townley-Smith
Hansell	Tremblay
Harris (Grey-Bruce)	Viau
Hartt	Warren
Herridge	Weir
Hlynka	Whitman
Irvine	Williams
Jaenicke	Winters
Jones	Wylie
Jutras	Young—98.
King, Mackenzie	
Kirk	
Knight	
Kuhl	

NAYS

Messrs:

Barrett	Fulton
Blair	Graydon
Boucher	Green
Bracken	Harris (Danforth)
Casselman	Hazen
Charlton	Macdonnell (Muskoka-Ontario)
Desmond	McGregor
Diefenbaker	McLure
Fleming	Menary
Fraser	Merritt
Pearkes	Skey
Ross (St. Paul's)	Stokes
	Timmins
	Webb—26.

[Mr. Deputy Speaker.]

Mr. CHEVRIER: I was paired with the hon. member for Cumberland (Mr. Black). Had I voted I would have voted to sustain Mr. Speaker's ruling.

Mr. ABBOTT: I was paired with the hon. member for Stanstead (Mr. Hackett). Had I voted I would have voted to sustain Your Honour's ruling.

Mr. ISNOR: I was paired with the hon. member for Colchester-Hants (Mr. Stanfield). Had I voted I would have voted to sustain Your Honour's ruling.

Mr. LENNARD: I was paired with the Minister of Trade and Commerce (Mr. Howe). Had I voted I would have voted against Your Honour's ruling.

Mr. JACKMAN: I was paired with the hon. member for Jacques Cartier (Mr. Marier). Had I voted I would have voted against Your Honour's ruling.

Mr. CARDIFF: I was paired. Had I voted I would have voted against Mr. Speaker's ruling.

Mr. HODGSON: I was paired with the hon. member for York North (Mr. Smith). Had I voted I would have voted against Your Honour's ruling.

Mr. COYLE: I was paired with the hon. member for St. Ann (Mr. Healy). Had I voted I would have voted against Mr. Speaker's ruling.

Mr. WILLIAM IRVINE (Cariboo): Mr. Speaker, I think I had better begin my remarks on this motion for concurrence by moving another amendment. I do so now, instead of at the conclusion of my speech, for two reasons. The first is that I might speak so long I might forget to move it, and in the second place if I move it now Your Honour will have plenty of time to have it ruled out of order without holding up the house. I therefore move, seconded by the hon. member for Vancouver East (Mr. MacInnis):

That the report be not now concurred in, but that it be recommitted to the select special committee on prices, with instructions that they have power to amend the same so as to revise sections 4 and 7, respectively, of the chapter of the report entitled "conclusions", in order to propose for the consideration of this house:

(1) Immediate imposition of a substantial tax on excess profits, to curb inflation and to provide money for necessary subsidies.

(2) (a) immediate restoration of a comprehensive system of price controls and of the machinery necessary to make them effective.

(b) Restoration of the policy of subsidy payments wherever they may be necessary to bring down prices of foods, feed grains and other necessities.

And that the committee for such purpose be revived.

I suppose it is only natural that the representatives of the various parties coming back to the house from a committee such as the prices committee would hold sharp differences in their viewpoints on matters of political significance. I listened to the hon. member for Eglinton (Mr. Fleming) with a good deal of interest, and noted that he held the opinion that the report, especially that part of it which is referred to as conclusions or recommendations to the house, had been brought about as a result of or because of certain influences which have developed of late. He charged the government with having come toward the C.C.F. some distance, and probably implied that the C.C.F. would go toward the government if it supported the government.

I do not wish to follow that line very far. The amendment I have already moved will speak for the C.C.F., because it contains our point of view. But I was surprised, in listening to the hon. member for Eglinton, to discover that his party, including the hon. member himself, had changed its mind so quickly on matters of importance.

For example, in the amendment which he moved and which was ruled out of order, reference was made to the sales tax, and the increasing of exemptions for income tax. It will be recalled that the C.C.F. included both those principles in its amendment to the budget moved only a short time ago, and that at that time members of the official opposition sitting to my right voted against it.

Mr. ROSS (Souris): Coupled with what else?

Mr. IRVINE: They voted against it.

Mr. DIEFENBAKER: But coupled with what else?

Mr. IRVINE: Hon. members can tell us what else.

Mr. ROSS (Souris): You have misinterpreted the whole thing.

Mr. GRAYDON: You put a brick in the bouquet.

Mr. IRVINE: The fact is that that is what happened. I am not saying anything against hon. members; I am just trying to state the facts.

Mr. ROSS (Souris): And you are just missing it.

Mr. IRVINE: I do not wish to get into any political argument. I do not mind doing so, but I do not wish to do so.

Mr. ROSS (Souris): Give the house the whole of the facts.

Mr. IRVINE: I am making a very gentle answer—

Mr. ROSS (Souris): And very misleading.

Mr. IRVINE: — to a very pointed innuendo in my hon. friend's remarks. If hon. members desire it, I shall have to go further than that, although I do not wish to do so.

This was a good committee in many ways. I want to pay a tribute to the hon. member for Eglinton and his associates as well as to all the members of that committee. Although we fought as we are doing here, it was really a pleasure to work with them. I certainly learned to appreciate all of them more than I ever did before, and I hope that they did not learn to appreciate me less.

I wish to pay a tribute to the able counsel. If it had not been for the splendid work which they did we would not have accomplished what we did in the time at our disposal. A similar tribute should be paid to the secretarial staff and the committee clerks who worked so assiduously.

I am also going to compliment the chairman. I think when we have said some nice things about a person we can always hit a harder blow and he may not feel it so badly. I want to compliment the chairman upon his fairness and his efficiency throughout the entire proceedings. I congratulate him upon having any recommendations at all in the report.

As the committee knows, we had no authority to bring in recommendations. As the hon. member for Eglinton says, we tried to get that authority but failed. I think the committee would have been much more effective if we had had the right to make recommendations. But when the chairman has the vision and courage to go beyond what is expected and to take the consequences I think he should have a word of appreciation.

Speaking about the recommendations, I think we can say, first, the very fact that they are there means that it has been recognized that it was necessary to do something. Second, it means that the government and parliament are expected to do what has to be done. Third, the recommendations state what, in the opinion of the committee, should be done.

I shall have something to say about how I disagree with some of these, although there are some with which I agree. I cannot understand the objections of my hon. friends to the right to these recommendations. I recall that they were most anxious when the setting up of the committee was proposed that it should have power to make recommendations and, now the committee has made recommendations, my hon. friends are the first to take objection.

Mr. FLEMING: They are the wrong kind of recommendations.

Mr. IRVINE: They are probably the wrong kind for my hon. friend, but they have afforded him an opportunity to say what he has said and for me to say what I am saying. They afforded him an opportunity to move an amendment which was ruled out of order, and they afforded me an opportunity to move an amendment which I hope will not be ruled out of order. At any rate, we have an opportunity to discuss the committee and the issues with which it dealt, which are still of great importance to the Canadian people.

I am not so much concerned about the right of the committee to bring in recommendations as I am about what the government intends to do with those recommendations now that they have been made and, secondly, about how far those recommendations go in the direction that we want them to go to meet the situation. Those are things which are of importance to me.

I think the fact that some of the things which I have mentioned in the amendment, and which were mentioned in the original motion but in far less specific language, are in a sense a tribute to the position taken by this party from the very beginning. It will be remembered that we did not want this committee. It was not that we were opposed to finding facts; it was not that we thought there was not a good deal that might be learned; it was simply that we took the attitude at that time that the situation was so pressing that immediate action was required on the part of the government. If that had been forthcoming I am quite sure that we would have supported a committee like this, because of the information which such a committee could provide.

The whole tenor of the suggestions of the committee is in the direction of the proposals which we made earlier in the session with respect to prices and cost of living. As I say, the recommendations do not go as far as I want to see them go; otherwise I would not have moved the amendment that I have moved.

[Mr. Irvine.]

As hon. members all know, the committee was investigating high prices. I want to take this opportunity to say it is likely that in a few years we shall have another committee investigating low prices, which will be just as difficult a thing to investigate and to solve. We shall have that because of the system under which we are living, the fact that it is up today and down tomorrow.

An hon. MEMBER: Oh, oh.

Mr. IRVINE: My hon. friend laughs because apparently he does not understand it. He takes it out in humour. I like humour. If the hon. gentleman will tell me the joke, unless it is himself, I will laugh with him. I should not like to laugh at him. As I say, the committee was investigating high prices. The Stevens committee was investigating low prices. In a catch-as-catch-can, free enterprise, competitive system there is no power on earth that we know of that will keep things on an even keel. There is no means of controlling things except the desire for greater profits, which leads both to low prices and high prices, depending upon how the pendulum is swinging.

The committee began at the points where increases in prices were most pronounced which, as we discovered, were in matters of food and clothing. We investigated butter, bread, meat, vegetables, fruits and eventually textiles. I agree with the hon. member for Eglinton that perhaps we did not proceed in an efficient way by taking up those prices which happened to be most pressing, nor did we deal with things in a logical way. I agree also with him when he says we did not get very far. We concluded just about the time we should have been beginning. We have not even scratched the surface of the job that was given to us. So we can only speak of the very limited field which we have covered.

The point I would make in that connection is that the basic industries were never touched at all, even though they have both a direct and an indirect effect upon all the commodities that we were trying to study. The price of steel, the price of gasoline and of other commodities all have their effect on the price of bread, and even on the price of butter. But we made no examination into that. We plunged right into butter and pretty nearly stayed there most of the time. The investigation was lacking in thoroughness there, but that was not the fault of the committee. I think it will be agreed that we did all that any committee could have done with such a subject in the time we had at our disposal.

One of the industries which I think should have been investigated, and the committee

should have stayed here all summer and done it, was the steel industry, also fuel, farm machinery, binder twine, boots and shoes—

An hon. MEMBER: Hardware.

Mr. IRVINE: Hardware, if you like; commercial rents, freight rates, the manufacture of construction materials and other important industries of that type.

I want to make a comment or two on the findings of the committee with respect to the causes of higher prices. The factors of significance which were regarded as being causal of high prices, in the findings of the committee, were: first, the rise in external prices, that is to say, prices in countries other than Canada with which we must deal; second, the increase in costs of production; and third, the expansion of purchasing power in relation to the goods and services available. I want to make a comment on each of these alleged causes.

With regard to external prices, it is clear that Canada's prices have been rising for some time. Our price rises in Canada become external prices to other countries, causing them in turn to raise their prices still higher because our prices went up. Our relationship in that respect to other nations is pretty much that of an industry in Canada to inter-related industry, and so the spiral will continue just because we have allowed our prices to rise higher and become external prices to other countries.

As to the increase in production costs, I think we begged the question there, because it is more than likely that any increase in production costs must have been caused by the increased prices of certain materials which enter into costs, and not having found what made those prices rise, we should not just assume that there was an increase in costs of production which caused the recent price increases. I think that is begging the question.

As to the third factor, the expansion of purchasing power, I am hoping that the hon. member for Lethbridge (Mr. Blackmore) or some of his associates will enlighten us on that. The purchasing power abroad in this country today is alleged to be more than is necessary to purchase the goods that are available on the market. I believe that the hon. member for Lethbridge and his associates would like to have still more purchasing power distributed. However, they will be able to deal with that point. Of course there can be no doubt that the expansion of purchasing power is a vital factor, and we cannot afford to ignore it, whether it is raised by the hon. member for Lethbridge or in the report of the prices committee. There is a vital connection between the amount of money in circulation at any time and the amount of goods on the market to be bought, and these factors in a society such as ours must have a direct bearing on prices and cause them to go higher or lower as the case may be.

Having found these causes, the committee should, I suggest, have been vested with sufficient power to make recommendations on how to cope with the effects which we have noted until the causes could be removed, and secondly, to advise how this parliament should proceed to remove the causes of high prices.

I think it will be agreed that the most important point in the causes is the implied shortages in relation to effective demand. I am almost afraid to use the words "supply and demand"; we heard so much of them in the committee. There supply and demand were more or less represented by those who talk so much of it as a law of peerless perfection, which works in such a way that supply is always demanded and demand is always supplied. But that just does not happen, or there would have been no need for the committee.

The question is this, as I see it: Shall we use wisely the principle of supply and demand, or shall we allow the undirected principle of supply and demand to use us? Demand, properly understood, is the measure of a nation's capacity to consume goods; that is the sum total of any rational demand. Supply is the measure of a nation's capacity to produce the goods demanded. These two factors, if used wisely in a planned economy, would be safe guides to our economic policy. But demand in a private enterprise economy means the measure of the total monetary income of would-be consumers, and supply means the measure of what it is profitable to produce. Both supply and demand are hampered by a private enterprise economy. I must not stop to develop that because I see my time is running out.

Everyone knows that shortages in essentials such as food, clothing, homes, and the like will mean higher prices in a competitive market under our present system of private enterprise. That is precisely the first problem with which we have to deal. That was the problem to which the committee had to address itself; for, even if a fuller production were achieved so that shortages were in part at least abolished, the best way of reducing prices would still have to be given consideration, because the need for price controls continues to exist up to the point where shortages cease. Shortages will unquestionably send prices up until only those who have the money can buy, and those who have not the money will not be able to buy. That will, of course, shorten the demand and start us down the hill, and that is where

you begin to move on toward the next committee which will be dealing with how to raise prices.

We had similar shortages during the war and we dealt with them. This government dealt with them in a manner which I think met with the general approval of the people of Canada, to a great extent at least. We found, during the war, that prices would not go down voluntarily; that nobody intended to bring them down voluntarily. The fact is that prices rose during the war in spite of patriotic fervour, and, but for controls, would have skyrocketed. So that if prices were not reduced voluntarily in time of war, we may be sure that will not happen in time of peace. I want to quote in that regard Mr. F. A. McGregor, combines investigation commissioner, who said this at page 157 of the report:

> Under our wartime price legislation the freedom of individual sellers to decide their own prices was sharply curtailed. It had to be, because we were living in a period of serious shortages. Under such conditions competition was not the appropriate public safeguard.

There is also the observation of Mr. K. W. Taylor, chairman of the wartime prices and trade board, who said at page 58 of the evidence:

> Shortages . . . are numerous and widespread and some of them are severe . . . A 5 or 10 per cent shortage can drive prices up rapidly.

In that connection also let me emphasize again that there is no hope of bringing prices down voluntarily. I, and other hon. members, asked witnesses time and time again whether they wanted to bring the prices down voluntarily, and they laughed at the question instead of taking it seriously, and humorously said that they were in a system in which it was necessary for them to make good while making good was possible; that if they did not make good then, they would go to the bad at some other time, and that, therefore, they were taking all the slack in that they possibly could whenever it slackened up, so that they could take it in. That was the attitude of all the witnesses.

I want to quote next Mr. Graham F. Towers, governor of the Bank of Canada. He was questioned at pages 3361 and 3369 of the evidence as follows:

> Q. Have you any suggestions to this committee how prices can be brought down by voluntary methods?
>
> A. No, sir.
>
> Q. That being the case would you say there is practically no chance of prices going down throughout the world as a whole, and particularly here in Canada where of course we are most interested, as long as the world scarcity of food continues?

[Mr. Irvine.]

> A. I think that is probably the case.
>
> Mr. Thatcher: Unless controls come back?
>
> The Witness: Unless prices are forced down by controls.

At page 10 of the committee report the following appears:

> The committee does not feel that the interests of Canadian consumers would be safeguarded by a system of over-all price and related controls.

Then it goes on to make a suggestion that a measure of price controls might be advisable here and there. I want to emphasize strongly my view that it is not possible to control prices effectively in spots. I think the criticism which has been made in this house and elsewhere about price controls is that you must make it comprehensive and you must have the weight of public opinion behind you. I think that is a fair statement. I do not believe that we can effectively control prices by just having one item here and another item there under control. In that connection I want to quote again Mr. K. W. Taylor, chairman of the wartime prices and trade board, who was perhaps the most authoritative witness whom we had before the committee on matters of this kind. He said:

> As I said before, efficient price control, the fixing of prices, is just the beginning of your problem; that the fixing of prices is just the first step. You have got to have a great range of controls which must buttress and support your fixed prices.
>
> None of this is an argument against price controls in emergencies, when prolonged physical shortages of goods are inescapable.

Mr. Graham Towers had this to say under questioning:

> Q. Would you need to have an over-all control?
>
> A. Yes. If you didn't start off that way it would very soon become that.
>
> Q. You could not apply it to just some commodities?
>
> A. I hesitate to say you could not apply it to Yo-Yo's without going beyond that; if you see what I mean.
>
> Q. I mean that is an extreme case? A. Yes.
>
> Q. We are speaking now of action to reduce the general price level.
>
> A. Then I think it would have to be an over-all affair.

Why then could we not suggest over-all control at least until such time as we have got over these shortages? The answer is given again by Mr. K. W. Taylor, chairman of the wartime prices and trade board, who said:

> Under the Canadian price ceiling policy the general level of retail prices, or the cost of living, was kept almost completely stable for more than four years. This was achieved by a vigorous combination of supply controls, production

directives, export controls, bulk purchasing, subsidies and rationing. It was a tough and realistic policy, very ably administered and firmly enforced; but its success was predicated on the whole-hearted acceptance of the policy and the procedures by practically all industries, groups, sections and classes.

That is another very fair statement that we shall have to accept, but I do not think we are right if we leap to the conclusion that there is no popular support for this today.

Mr. GIBSON (Comox-Alberni): That includes labour controls.

Mr. IRVINE: Don't worry about that, my hon. friend. I am not asking for controls for anybody that I am not willing to impose on myself; nor do I ask it for one class that I am not willing to impose on some other class.

Mr. SINCLAIR: You are on a fixed salary.

Mr. HARTT: That is right.

An hon. MEMBER: Six o'clock.

Mr. IRVINE: I have at least twenty minutes left.

Mr. HARTT: I do not mind.

Mr. MACKENZIE KING: I am rising merely to ask if there is not a desire on the part of the house to sit an hour later at this time.

Some hon. MEMBERS: Yes.

Mr. MACKENZIE KING: I gather that most hon. members are in favour of so doing. Unless there is objection it might be agreed that we shall sit until seven.

Mr. BRACKEN: At noon we were willing to give every opportunity to try to finish the work today, but hon. members opposite did not seem to accept that, and an hour was lost. I respectfully suggest that we should not try to finish in a few hours all the work that is before us tonight. It must be quite evident that it is too much work to attempt to complete tonight. We should not be asked to vote the millions of dollars that remain to be voted in the few hours that are remaining. I am not now criticizing anybody. But I do suggest that it is too much to expect that all these estimates will go through in three hours tonight. We might as well accept that as a fact and guide ourselves accordingly.

Mr. MACKENZIE KING: May I say to my hon. friend I am not suggesting that for a moment. I am not suggesting, nor would I suggest that we should try to get through everything tonight. I heartily agree as to that. I think, however, it is the desire of hon. members to make as much progress as they can today so that so far as next week's proceedings are concerned, we shall be able to conclude the session earlier in the week than might otherwise be possible. Since an objection is made to our continuing longer at present, I will not ask the house to sit beyond six o'clock. We shall resume the sitting at eight.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

Mr. IRVINE: When the house rose at six o'clock I had been pointing out that the recommendations made by the committee with respect to price controls were half-hearted and that the committee proposes to deal only partly with controls. I had quoted Mr. Taylor and the prices board to the effect that price control must be a comprehensive undertaking if it is to be successful. I had also indicated that there were some people who thought that popular support, which was one of the reasons why price controls during the war were so successful, could hardly be expected from people during times of peace. It is claimed today that public opinion would not support a policy of price controls sufficiently to make it work. That is an assumption.

It has been said that these controls were supported by all sections of the Canadian people during the war because of the great need for winning, and because of the danger in which the nation found itself, but that such support would not be available once the war ended. I submit, Mr. Speaker, that all the evidence is to the contrary. I believe that the people of Canada would be glad voluntarily to support a system of proper controls in peacetime as in war, provided that the same need is there and that they have a proper objective for so doing. I would support that opinion by referring to the last Gallup poll on controls a few months ago, which showed that more than seventy-five per cent of the people favoured the reimposition of controls.

I now wish to turn for a moment to high profits and their relation to prices. I do not hold the view—nor do I think any member of my group does—that high profit which may be made by any individual concern is in itself of great importance in affecting the price level. But we say that a profit system which goes all the way down the lines does have a tremendous effect on the price level. In our inquiry we have found that high profits in some instances were made by individual corporations. As a matter of fact, that

was well established by the Minister of Finance (Mr. Abbott) himself, as will be confirmed if members will look at table No. 7 of the appendix to the last budget. In 1947 corporate profits after taxes were over $1,000,000,000 for the first time; they were $1,017,000,000, to be exact. If that figure is compared with those of previous years, it will be seen how profits are still rising. In 1939 corporate profits amounted to $486 million; in 1944, to $618 million, and in 1946 to $751 million. In 1947, net profits after taxes were thus 35·4 per cent higher than in 1946.

I am not surprised that profits are being made. No one should be surprised that people make profits in a profit system; that is what they do. I noticed the surprises on the faces of some of our witnesses when we badgered them for having made high profits. They seemed to think, and I believe properly so, that they had been successful in achieving that for which the system stands, namely, the making of profits. I consider it is illogical for those who accept the profit system to reprimand people almost as criminals for having been successful in achieving the motive of the profit system. But there is no norm, no set figure, that will indicate what profits should be made, even under a profit system. The ethics of the profit system, or the free enterprise system, as it is called, is to make as much profit as possible. That principle has been well put by Mr. J. S. McLean, as reported at page 2641 of the evidence of the prices committee:

> . . . We buy as cheaply as we can and sell our meat for as much as we can get for it.

That is the ethics of private enterprise. We are therefore asking in our amendment for a tax on excess profits. Such a tax would, in the first place, have a tendency to check rising prices. In the second place, it would be a source of money with which to help pay subsidies where subsidies might require to be imposed. Particularly in checking the influence of external prices I believe the granting of subsidies is the most effective method that could be used. Britain has perhaps suffered a great deal more from the effects of external prices than has Canada, because she has had to import to a much larger degree than have we. But still she has been able to maintain fairly well her level of prices.

I am concluding my remarks, Mr. Speaker, because I see that my time is up. The C.C.F., in moving the amendment which is before you, does so as a means of patching up some weak spots in the free enterprise system. We realize that tinkering with prices and tinkering with subsidies are merely emergency methods, and that these are not the means by which a proper society should be run. I have offered the amendment as a patch for the hole in the pants of our economic system. As you will see, our amendment asks for a tax on excess profits, the restoration of price control and the payment of subsidies wherever essential.

Mr. SPEAKER: I wish to give a ruling on the amendment moved by the hon. member for Cariboo (Mr. Irvine), and seconded by the hon. member for Vancouver East (Mr. MacInnis). The amendment proposed for the consideration of the house is for the restoration of price controls and of the machinery necessary to make them effective. I would call the attention of the house to section 2 (a) of the amendment, which reads as follows:

> Immediate restoration of a comprehensive system of price controls and of the machinery necessary to make them effective.

This is substantially the same question that was negatived by the house when it divided on an amendment proposed by the hon. member for Rosetown-Biggar (Mr. Coldwell). If hon. members will look at *Votes and Proceedings* No. 3 for December 9, 1947, at page 45, they will see that amendment, which was in these words:

> This house regrets that Your Excellency's advisers have failed to use the powers provided by parliament to control prices—

In view of the decision given this afternoon by the Deputy Speaker I feel bound to rule this amendment out of order.

Mr. W. F. KUHL (Jasper-Edson): Mr. Speaker, without wishing to give offence to any of the hon. gentlemen who have preceded me, I wish to say that at no time have I been adept in the art of making a hogshead of lather out of an ounce of soap; so I shall make my remarks as brief and to the point as I can, in view of the general desire to terminate this session as quickly as possible.

It was my pleasure and privilege to be a member of the prices committee, though not from its inception. I commenced my service with it at the end of April, in the position previously occupied by my colleague the hon. member for Bow River (Mr. Johnston).

First I should like to endorse the compliments which have been paid by previous speakers to the chairman of the committee, the counsel and the members as a whole, but in endorsing their remarks, I must say there was a notable omission from the compliments that were extended. I believe the witnesses who appeared before the committee, representing various businesses, also deserve a compliment for the contribution they made to the work of that committee, and I wish them

to know that, as a member, I certainly appreciate the information I obtained. I believe they should be complimented, not only for the information they gave and the patience with which they submitted to cross-examination, but also for the manner in which they overlooked what in some instances I consider were positive insults. Perhaps that language is somewhat strong, but sometimes I felt that if I had been in the place of the witness I would have been tempted to make much stronger replies to the questions asked.

I voted for the setting up of this committee in the first place; not because I felt that anything startling or unusual would be revealed, but because I felt that information might be brought forward which would dispel some of the false impressions abroad in the country, and also that, as a result of the work of the committee, we might be better able to determine what should be done in the circumstances. I believe a good deal of information was placed on the record which, if the public could become aware of it, would dispel certain false impressions which are abroad.

As has been indicated already by the hon. member for Eglinton (Mr. Fleming), I opposed the adoption of the report by the committee. Many of the reasons for which I felt I was justified in opposing it were advanced by the hon. member for Eglinton. In the main I believe the criticisms he offered were quite justified and I endorse most of them.

But I had an additional reason for opposing adoption of the report. I think my chief reason was the attitude adopted by the government members, which I resented very much. When I spoke on the motion to set up this committee I said I thought one reason the government was glad to take that action was that for the time being it would silence the wrath of the people with respect to the high cost of living. It would enable the government to offer the excuse that a parliamentary committee was investigating the matter, and as long as that committee sat they could transfer the responsibility from themselves to the committee. The committee has now finished its work; certain recommendations have been made, but I agree with those who have suggested that it still remains to be seen how effective those recommendations will be if carried out. Personally I consider them woefully inadequate to meet the situation.

The attitude on the part of the government members of the committee which I resented so much was expressed in the manner in which many of the witnesses who appeared before the committee were dealt with. I resented the suggestion that, instead of being regarded as public benefactors, most of the witnesses who appeared there seemed to find the atmosphere like that of a sort of inquisition. They were looked upon as public enemies, who had to account for some wrongdoing. That was the impression I received from the manner in which many of the questions were asked; and I am going to read a few excerpts from the records of the committee to substantiate what I have said. I would not say that applied in every instance; nevertheless in many cases it was true.

Naturally I tried to discover a motive, and the only motive I could arrive at was that up to that time—and it is still the case—the government were not prepared to meet their responsibility in the way I at least think they should. The government have not met their responsibility because they have not done those things I believe they should do for the people of Canada, and therefore the government must look for a scapegoat. I considered the attitude they took toward many of these businessmen was because they were looking for a scapegoat for their own sins. They were attempting to make private business the scapegoat for their sins. In my view it was most unfair for the committee, and furthermore I believe it is a dangerous attitude to take.

From all sides of the house we have heard expressions of fear of the communist menace with its danger to the private enterprise system and freedom in general. The government, the Liberal party and the Progressive Conservative party nominally at least represent themselves as being the champions of the private enterprise system. Yet if one goes over the evidence somewhat carefully he will find that a concerted effort was made in the committee to discredit private business—or at least it had that effect. I am satisfied, from the newspaper reports which went out in consequence of some of the questions asked in committee, that many of the public are under the impression that a large number of businessmen are just a lot of bloated profiteers and chiselers. I believe there is too much of that impression abroad. There has been too much of it abroad for too long a time, without those who claim to be the champions of private enterprise lending any more emphasis to it.

Just to indicate a little more specifically what I mean, I should like to refer to one instance of this. While I think of it, perhaps I should say at this juncture that I can understand hon. members of the C.C.F. party doing that, because they have come out flat-footed and have said they are opposed to the private

enterprise system and opposed to profit. Therefore it is in their political interest to discredit private business as much as they can so as to give them an excuse for nationalizing industry.

However I cannot understand that attitude on the part of those who pretend to be the champions of private enterprise. Therefore I resented the attitude taken by some of the Liberal members on the committee when dealing with some of these matters. The case to which I shall refer is one where possibly we cannot altogether excuse the people involved. But again, as has already been pointed out, I think the circumstances are attributable to government policy. It was the government which was really responsible. They made possible the circumstances under which these things could happen. Then government members have the gall to turn around and blame someone for taking advantage of those circumstances.

Here is one instance of it—and in this particular instance I think the general public would get the impression that most of the fruit and vegetable business was carried on in this manner, and that profits of this kind were made regularly in that business. This is the case of Mr. Ruben Marlow, general manager of Marlow and Company Limited of Toronto. It is the case of the famous four carloads of potatoes. I should like to indicate here the way in which this man was spoken to and in which he was treated, which I thought was unfair and uncalled for, in view of the conditions for which the government itself was responsible.

The hon. member for Victoria (Mr. Mayhew) was in the chair at the time, and it is his remarks I am going to quote. This is what he said to Mr. Marlow:

> I want to say this; it is my opinion, and it is a little more than an opinion that, in this particular transaction, both the government and its departments were trying to see that there was a supply of new potatoes on the market. The foreign exchange control board released American funds for this purpose. It would appear to me you took advantage of the situation and you prevented potatoes from getting to the public at a reasonable price. In other words, you did not live up to the spirit of the regulations which existed at that time. You took an exceedingly high mark-up. I certainly will draw this to the attention of those writing the report because I think you are doing a disservice, not only to yourself and to the people of Canada, but to the other people in your own business.

Then, when I myself pressed the witness to make a comment upon that statement, the acting chairman said this further:

> I fully understand the explanation you make. As far as I am concerned there is no explanation at all, there is no justification for it. There is no justification in your having taken the mark-up on the potatoes which you did at that time. That is my opinion. Those who are writing the report will have to deal with it in their own way. I feel it is my duty to make that quite plain. As I see it, I consider it one of the most outstanding cases of its kind that has yet been brought to the attention of this committee.

[Mr. Kuhl.]

So far as I recall, it was shown that this particular wholesaler had made 43 per cent on the sales of two carloads of potatoes. That is undoubtedly a very high profit. He justified it himself. He considered that it was fair, in the light of prices of vegetables at that time. I considered these statements of the vice-chairman a most unwarranted censure of a businessman. In any event, I think the committee could have made statements of that kind among themselves, without saying it to the man personally.

Mr. MAYHEW: I should like to put the hon. member right, if he will permit me to do so. This gentleman had been buying potatoes for $6.25 a sack and had been selling them at $12 a sack in Montreal and Toronto. So that is 43 per cent on his sales, and I think I was quite right in bringing the matter to the attention of the public.

Mr. KUHL: I am not saying there should not be some censure in the matter. I have not the actual figures here, but the report of the committee says it was 43 per cent on sales. In any event, it affected only four carloads of potatoes and, as I say, the circumstances were precipitated by the government itself. They put the ban on overnight, and they made it possible for this man to make that money. Then they proceed to blame him for making it.

If that were typical of the whole of the vegetable industry I might understand a censure of that kind being made in this instance. But when it is a mere drop in the bucket—

An hon. MEMBER: How do you know?

Mr. KUHL: There was no evidence in the committee that it was a common condition.

Mr. MICHAUD: I should like to ask the hon. member a question with respect to potatoes. I understand he implies that the government had interfered at that time with the marketing of potatoes. I am not quite clear on the point he makes, and I would ask him to state clearly if he did make that statement.

Mr. KUHL: No, I did not say that the government interfered. I was criticizing the attitude taken by the acting chairman at that time in speaking about the witness in the

fashion I have indicated, when in fact the responsibility for the circumstances was that of the government. They placed the ban on potatoes and created the scarcity.

Mr. MICHAUD: What ban?

Mr. KUHL: I could understand that attitude on the part of members of the C.C.F. party, because at all times they are attempting to show up business in the most unfavourable light possible. That was possibly one of the strongest remarks made by the C.C.F. members on the committee, and it was quite unwarranted considering the evidence that was given later. Here are the words of the hon. member for Moose Jaw in addressing one of the witnesses, as reported on page 3713 of the proceedings:

Would it not look to this committee that this is one of the most shocking examples of a company not showing their strength in order to keep these prices down? There is no sense of public responsibility there because if every company in Canada took the view that you have been taking we would have uncontrolled inflation in this country and an inevitable depression. I do not know what your justification is for that time taking such a terrific and abnormal profit.

That is typical of the questions asked and the inferences drawn by the C.C.F. members of the committee. I can well expect that, because it is their ambition and objective to substitute nationalized industry for private industry and they will do anything they can to discredit private industry.

I should like to make one more reference to the criticisms of the hon. member for Moose Jaw. I have often said that if the truth were known members of the C.C.F., socialists and others who subscribe to a like philosophy are not as much opposed to profit as they are envious because they are not making the profits themselves. Actually I think they believe in the profit motive for themselves, and I have a little quotation which will substantiate that. This is our good friend, the hon. member for Moose Jaw, speaking to Mr. Wolfe, general manager of the Ontario Produce Company. Mr. Wolfe said:

Let me put it this way. If we were able to get the Toronto trade together to maintain a lower level on the price of our produce could we not likewise get them together to hold prices up at some time when supply and demand could bring lower prices?

Mr. Thatcher: I am not suggesting you should have got together, but I think possibly you could have set an example. It looks like the example you set was a bad one. You took all you could get. Maybe I would do the same thing if I were in your spot.

When C.C.F. members are off-guard they really reveal what they feel inside. As I say, I can understand that type of criticism emanating from C.C.F. members, because they claim they are opposed to the private enterprise system. It seems to make no difference what is discussed in this house or in the committees, the discussion always resolves itself eventually into a debate on the principles espoused by the various political parties. The questions asked in the committee were coloured by the particular philosophy subscribed to by the hon. member asking them. That is quite natural.

As I said in the beginning, innuendoes that the private enterprise system is responsible for the high cost of living should not emanate from members on the government side. They represent themselves as being the champions of private enterprise and they should so conduct themselves. There was altogether too much time taken up in the committee in an effort to blame private business for the high cost of living.

The hon. member for Cariboo (Mr. Irvine), who just preceded me, made some statement about profits being high. I think I followed fairly closely all the evidence that was given and outside of the potato case and one or two others there were few instances where there were what one could call high profits. In most instances the profits were quite modest and in some cases there were none at all. There were times when the profits were less than they were under controls.

I should like to refer to a statement with regard to mark-up and controls by Mr. Steinberg of the Steinberg groceterias. He was being questioned by the hon. member for Moose Jaw as follows:

Q. You are telling us the retailer has not benefited particularly or has not made any greater profits with controls off than he did when they were on?

A. No, I would think the retailer has made less.

Q. Has made less?

A. Yes.

Q. Then he has not benefited by the fact controls were removed?

By Mr. Kuhl:

Q. Therefore the consumer has benefited as a consequence of the controls coming off?

A. I would say yes.

Mr. THATCHER: Prices went up 25 per cent notwithstanding.

Mr. KUHL: We are talking about profits, not prices. The hon. member for Cariboo stated that profits were greater, and I am just giving an instance where a retailer said his profits were less after the controls had been taken off. The hon. member for Cariboo said that profits have increased since 1939, but that is only part of the picture. As production

increases, it is only natural that profits will increase correspondingly, even though the profit rate is no higher. I have not any figures before me, but I think that is the case. While profits have increased since 1939, I think it is taken for granted that the rate of profit is in conformity with that increase and is certainly no higher.

I have here another statement which I think will be of interest to the consumers of Canada. I know that when I or anyone else makes statements of this kind those who are not actuated by the best of motives may say I am trying to defend big business.

I do not want to see anyone taken advantage of, no matter who he is. The truth and the whole truth should be known about the situation. I think the general public has had the impression that tremendous profits are being made by the packing plants. I have heard that all over the country.

Here is an interesting statement in connection with the profits on meat by Mr. Millard, president and general manager of Swift Canadian Company. He was being questioned by the chairman of the committee, as follows:

The Chairman: I wonder if I could ask a question. If you take schedule 4 for 1946 and 1947 you will see that for most of those months in those two years—

That is 1946 and 1947.

—you show a loss on meat operations, or operations of your meat department, yet your general net or profit and loss position as contained in schedule 3 shows that for most of the years from 1936 to 1947 you have made substantial profits. Now where do you make profits if you do not make them in the meat department?

There was one packer who showed that he had not made any profits in the meat department.

Mr. THATCHER: He made his profits in by-products.

Mr. KUHL: Quite true. Mr. Millard replied:

Well, perhaps in by-products, glue, tankage, the shortening department, butter, poultry, eggs and cheese.

The point I am replying to is the general impression that there is profiteering in meats, that meats have been sold at colossal profits.

Mr. THATCHER: That is only their accounting methods.

Mr. KUHL: I have quoted the statement of the manager of the company and if the hon. gentleman could have shown otherwise he should have done so at that time.

Mr. THATCHER: He did.

[Mr. Kuhl.]

Mr. HARTT: Have him arrested for perjury if he did not tell the truth.

Mr. KUHL: I could continue to quote evidence from the report itself to show that the colossal profits alleged by many are not being made, but, on the contrary, that profits all the way through are very modest and that the high cost of living is not attributable to exorbitant profits.

I endorse wholeheartedly the suggestion made by the hon. member for Eglinton (Mr. Fleming) that government policy is largely responsible for the high level of prices.

Mr. HARTT: That is not the case.

Mr. KUHL: It is a question of whether it is a fact or not, and the sooner the hon. gentleman recognizes some of these facts, the better it will be for him and all the rest of us. While on that point, may I say that some of our Liberal friends should be clothing themselves in sackcloth and ashes for attempting to place the blame for high prices on private business when they themselves are responsible for those high prices, and if they continue in their present course they will find that they are driving this country right into the arms of socialism and communism.

Mr. HARTT: Why?

Mr. KUHL: I think I have given the hon. gentleman sufficient information on that point. By their attitude in the committee, the government members have done a great deal to discredit private business in the eyes of the public, and those who are gullible will be driven to say: If that is what private enterprise is and does, let us do away with it, and let us have instead C.C.F. and communism. There is too much of that attitude abroad already without so-called supporters of private enterprise lending any more emphasis to it. It is time that the members of the Liberal party did a little soul-searching and discovered what the real facts are which contribute to the high cost of living.

I endorse wholeheartedly the suggestions which have been made that the government do much more with respect to the taxation angle. That particular aspect interested me most in examining the witnesses. I attempted on most occasions to get a statement from the various witnesses as to the proportion of their costs represented by taxation but not many of them were very definite until on the last day we received a statement which the hon. member for Eglinton has put on the record indicating that around fourteen per cent of the cost of commodities was represented by dominion taxation.

I know that the opinion is held by both orthodox economists and socialists that there must be taxation. I grant that at the moment when we have well-nigh full employment a certain amount of taxation is necessary, but certainly taxation on the lower incomes could be completely eliminated. In regard to the questions I put to the witnesses, it was suggested both by the chairman and by some of the witnesses that it was ridiculous to think of eliminating taxation. Those who hold that view hold it purely because they have not yet had their eyes opened with respect to the relationship of money to wealth. They still have much to learn.

In conclusion, I quote the last recommendation of the committee, which states:

> The committee wishes to emphasize the fact that increased production at home and abroad is the only permanent solution to the problem of high prices.

I think that is one of the most important statements made by the committee. It is, of course, obvious and self-evident that increased production is the only solution, but the question which arises is, how are we to bring about that increased production? The recommendations which the government has included in this report are woefully short of any methods of stimulating production to the levels necessary to produce prices. Consequently I urge that the government members consider the taxation angle, for their own sake. There is no particular reason why I should be concerned about them personally; but, after all, we are all Canadians; we all want the highest standard of living which this country is capable of producing, and we all desire to retain our freedom. As I have already suggested, unless some appropriate action is taken in the near future to stimulate production to higher levels, and particularly to enable the people in the lower income brackets to acquire more of this production then I fear that we may be driven into the arms of totalitarianism. I think the circumstances at the moment are that serious, and therefore I urge that the members of the government consider this taxation angle seriously before it is too late.

Mr. ANGUS MacINNIS (Vancouver East): Shortly after we reconvened here early in the year we had to deal with this question of prices and the high cost of living. Today in the closing hours of the session we are again dealing with the question of prices and the high cost of living. That is wise and proper because, of all the questions that are troubling the minds of the people of Canada today, the most pressing is that of the high cost of living. The problem is important and impelling because it affects the people so intimately and so many of them. Perhaps seventy-five per cent of the people of Canada today find difficulty in making ends meet, in keeping their families properly fed and clothed, in keeping out of debt and that sort of thing, on account of continually rising prices.

To make ends meet has always been a struggle for the great majority of the people of every country, but since the end of the war it has been next to impossible in Canada. Since the beginning of 1946 the rise in prices has been crushing living standards like a steam-roller.

When we were discussing the setting up of the committee in February last, I said I did not consider it necessary for the government to appoint a committee to find out what was causing prices to rise. Further, I said the government had abundant information on the question. I pointed out that the same factors were operating to raise prices in 1948 as operated to raise prices in 1941. The government knew what the underlying factors were in 1941 and applied the remedy, and if they were prepared to apply the remedy, and convince the people of Canada that it was the remedy, then there was no use in having an investigation. The investigation was being instituted, I said, solely to prevent embarrassment to the government in the house.

I pointed out that the cause of rising prices was not necessarily the profiteering of private corporations or private individuals; that such profiteering where it existed was merely incidental; that the cause of rising prices was short supply and heavy effective demand. To the extent that there was profiteering, it was the inevitable consequence of the operation of the system under which we are living. There is no use in complaining about it or in thinking we will get away from it.

When the hon. member for Cariboo (Mr. Irvine) spoke this afternoon he said that in a few years from now we would likely be investigating, not high prices but low prices. We had an investigation into low prices not so very long ago. I am afraid that many hon. members have either not read the report of the price spreads commission, or, if they have read it, they have forgotten about it. In order to refresh their memories and perhaps stimulate their curiosity so that they will take a little time off and look into the report, I am going to read two or three short paragraphs from it. May I say the report was signed by five or six Conservative members

who are not now members of the house and three Liberal members, only one of whom is here at the present time, namely the Minister of Justice. A report that the Minister of Justice signs is not to be thrown aside without consideration. On page 5 of the report I find the following:

> The depression has, furthermore, demonstrated that the strong and the organized are attaining an ever-increasing position of dominance in our economic life; that economic power is becoming concentrated. With this concentration, old theories of economic control are proving inadequate.

If that was true in 1934, and it was, how much more true is it today because of the development and concentration of economic powers in the last fourteen years?

Then, on the next page I find this:

> Fundamentally, the problems which confronted the commission are those of a transitional economy, in which simple competition still prevailed in some parts, monopoly had succeeded it in others, and monopolistic or imperfect competition characterized the rest.

That again is the situation today, as was very well indicated by the committee on cartels a few years ago, and by the evidence given by the commissioner of the Combines Investigation Act when he appeared before the prices committee. It seems to me amazing that even the hon. member for Jasper-Edson (Mr. Kuhl) can not be convinced by the evidence of economic exploitation that is coming to light every day.

About five or six months ago the combines investigation commissioner held an investigation into the combine in dental supplies. Broadly speaking, he found that they were making us pay through the nose for our false teeth. And the evidence brought out by the prices committee showed that when we had paid for these teeth the price of food went up so high that we did not have anything to chew. Just a few weeks ago we had another report from the commissioner, this time on eyeglasses. Surely to goodness we should awake to the fact that these things do not arise from the innate depravity of human beings. They arise because of the competitive struggle of making an existence, as the committee of 1934 said in its report on page 7:

> It is the fierceness of the struggle, not any unusual depravity in the men concerned, which leads to the adoption of such practices. No one businessman can afford to follow the dictates of his conscience and refuse to conform. If he did, he would be eliminated.

In the economic world in which we are living today, to be eliminated in the struggle for existence is not a thing to contemplate with any degree of complacency. Tomorrow most hon. members will go to church and will hear sermons on the golden rule, to do unto others as you would have them do unto you. But on Monday morning we have another golden rule—there is one for Sunday and another for the rest of the week—which is, "Do others before they do you." That is the system under which we are living, and that is why we have the conditions which are complained of at the present time. I am not complaining about people doing things that circumstances compel them to do in order to survive in the business world. My complaint is that the representatives of the people should allow such things to be done.

The committee's report is, to say the least, disappointing. In one of the paragraphs in the conclusion, I believe it is stated that the mere fact that the committee was sitting, if it did not prevent prices from rising, at least prevented them from going up as much as they might have done if the committee had not been sitting at all. Perhaps that is true. Perhaps the words of Longfellow—

> Nothing useless is, or low;
> Each thing in its place is best.

—would apply in this instance, and perhaps some good was done. But when you come to the cost of living index and see how it has gone up since this committee was organized, you will see that the committee has not done so much after all. At page 14 of the report I find this:

> In 1946, prices began to rise more quickly and then accelerated rapidly under the pressure of factors that are examined. By April of 1948, the index had risen to 151·6, while on the first of January, 1946, it stood at 119·9. This was an increase of 26 per cent or twice the increase which had occurred during the war years.

Hon. members will note that the paragraph begins by saying that in 1946 prices began to rise rapidly and became accelerated under the pressure of the factors that they were investigating. As a matter of fact, prices went up in every instance as soon as controls were removed. I am not saying it would be an easy matter to maintain controls. My hon. friends to my right must accept a large share of the blame—and there is no use in their blaming the government—for the removal of these controls by the government. They are both competing for the favour of the same people; and the government undoubtedly was afraid that if they did not remove controls, the official opposition might make capital out of that fact.

The report gives only the index figures for April. The cost of living index for May is still higher. I do not know why it was not given here. In May it was up to 153·3. That

is a rise of 33·4 points since January 1, 1946. When we come to food, the index is up a great deal more. In January 1, 1946, it stood at 132·8; in May, 1948, it stood at 191·2; or, in other words, it was up in that period of about seventeen months by 58·4 points, or almost 44 per cent.

Did hon. members ever contemplate or ever try to analyse the way in which this rising cost of living affects the various sections of the community? For those in the upper and middle income brackets it is not particularly important. They do either one of two things: they save less, or they buy fewer luxuries. Their standard of living does not suffer. But when you come down to the lower income brackets, and that includes at least sixty-five per cent or seventy-five per cent of the people of Canada, the situation is different. Among that number there are a relatively small number who can, through economic pressure, do something to raise their income as the cost of living goes up. But the great mass—that is, the unorganized worker, the small farmer, the small businessman, the person on superannuation, the person on a small pension such as old age pensioners and the like—cannot do anything to raise their income, and they get the full force and effect of the rising cost of living.

When this matter was discussed in the prices committee—I was not there at the time, having left the committee to go to another one—Mr. J. S. McLean, president of Canada Packers, said, in reference to rising prices, as reported at page 2201 of the evidence and proceedings:

> When prices get too high people stop buying. Now, in so far as it is an exemplification of that, it is not only desirable, it is inevitable. When housewives make up their minds they can't afford to buy any food at the current price they stop buying.

When housewives decide that they cannot buy food, they do something else besides stopping to buy food. They get mad. The housewives of Canada today are mad—

Mr. KUHL: At whom?

Mr. MacINNIS: I will leave that for my hon. friend to answer.

Mr. KUHL: What is your answer?

Mr. MacINNIS: They find that they cannot buy the food, the clothing and the other things their families need.

Mr. KUHL: Whom do they blame?

Mr. MacINNIS: They blame the government and perhaps their blame is well placed. I believe they blame my hon. friends to the right, too, considering the results of recent elections. However, it is not necessary to go into that now; we can go into it at some other time. Perhaps anything we might say would be only a guess anyway. The fact of the matter is that, as the supply of goods on the consumer market is increasing, prices are not going down but are going up. If you looked for a suit of clothes two years ago every suit you saw in a store window bore the words "with priority only". You could not buy a shirt or a pair of pyjamas or a score of things now in plentiful supply in the stores; but in 1946 prices were lower than they are today. I direct attention to what the dominion bureau of statistics has to say on this matter, and I should like hon. members to understand that this situation is dangerous. It is the prelude to a depression; and you cannot just leave it alone unless you are convinced the government can do nothing; that we are the playthings of fate; that when a depression comes you take it and that when war brings a boom you take that also. Surely no self-respecting people should take an attitude like that. I have before me the *Canadian Statistical Review* for April, 1948, issued by the dominion bureau of statistics. The portion preceding what I am about to read contained a summary of the improvement in production and referred to the government surplus and things of that kind. Then it went on to say:

> In contrast to the strength shown by data on production and employment there has been some evidence that the volume of goods moving through retail channels is smaller than it was a year ago. Retail sales during the first quarter of 1948 were up only 11·4 per cent over the first quarter of 1947, even though Easter sales fell entirely in March this year. But the index of retail commodity prices was up almost double this amount, about 22 per cent, an indication that the physical volume of goods sold is down.

The evidence is that, as our ability to produce goods increases, the ability of the people to buy and consume those goods decreases. Some hon. members may remember that the Minister of Finance (Mr. Abbott) referred to this matter in his budget speech. In this debate I suppose I am not allowed to quote him; but he pointed out that people were using up not only their current income but also the savings they accumulated during the war. It is even worse than that. They are not only consuming all their current income; they have not only consumed their savings; but they are now buying on credit, paying in instalments, and that cannot continue for very long. When they have reached their limit in instalment buying they will have only their current income, less what is required to pay the instalment purchases, and then sales will

decline faster than they declined in the period referred to by the bureau of statistics.

This is the situation facing the country. Surely we should be able to do something about it, but in my opinion there is nothing in the report of the committee that will help in a material way to remedy this situation.

Before resuming my seat, since I do not want to prolong this debate unduly, I should like to refer to just one other matter. As I said earlier, the committee was appointed in order to avoid embarrassment to the government. The report is made in order to avoid the same embarrassment; and the inquiry recommended is intended to keep people quiet, in the hope that something will happen between now and when the house meets next winter. One of the very few submissions made to the committee by organizations came from the Canadian association of consumers. The brief was read and spoken to by the president, Mrs. R. J. Marshall, and the secretary, Mrs. F. E. Wright. In my opinion they presented an excellent brief, for which they are to be highly commended. They gave some information as to the effect of high prices on family life. What I am about to read appears on pages 1076 and 1077 of the minutes of proceedings and evidence of the committee. They refer to a study of the effect of the increased cost of living on family life, made by the Hamilton family service bureau in November and December, 1947. This survey covered seventy families, averaging 5·8 persons, with an average income in 1947 of $1,820. The survey showed that most families spent from 24 to 39 per cent of their income, or amounts ranging from $24 to $45 a month per family for food in 1939, but that in 1947 they had to spend from 40 to 80 per cent of their income, or from $50 to $100 a month to buy the same quantity of food. The wages of ordinary workers have not gone up by anything like that amount. Then they say:

> These surveys and widespread reports which we have had from consumers lead us to believe:
> (a) Family living costs have increased to a much greater extent than wages and family income;
> (b) The standard of living is being lowered;
> (c) Many families are reducing the quantities of their food purchases below an adequacy for nutritional health;
> (d) Excessively high prices, particularly of essential commodities, are likely to result in many families exhausting their savings, going into debt or over-extending themselves in instalment buying.

That is exactly what I have said is already being done. That statement is supported, not only by the evidence brought forward in this brief, but by reports coming from various parts of Canada and also the United States.

I suggest to the government that it should do more than what is contained in this milk and water report—more water than milk. Something more is required. But before we leave here, and after this report is endorsed—and I suppose we have to endorse it, because it is the best we can get—we should have some assurance from the government that it will pay some attention to the report; because, unless we have that assurance, we are not doing anything to ease the misery of the people, and to stave off the catastrophe which will overtake us unless we change our methods.

Mr. E. D. FULTON (Kamloops): Mr. Speaker, since the amendment moved by the hon. member for Eglinton (Mr. Fleming) has been ruled out of order, and since the amendment moved by the hon. member for Cariboo (Mr. Irvine) met the same fate, what is before the house at the present is a motion for concurrence in the report of the prices committee. Since I do not think any members of the official opposition have yet spoken directly to that report, but rather have discussed our own amendment, I should like to say at the outset that we are totally unable to accept the report, and that we find it a mere vague collection of words designed, as has been said and has been proven, to divert the attention of the people, and particularly of the housewives, from the object of what should be their real censure, namely the government's policies in their effect on prices; and to try to divert some of their attention to prices outside Canada—anywhere but where it should be directed, and that is on the shoulders of the government.

It is for this reason mainly that we cannot support the report or vote for its adoption. The hon. member for Eglinton, in his extremely able and telling speech of this afternoon, has analysed most of the deficiencies in the report. Its conclusions are wrong. The committee has not served its purpose, because it did not report on the real causes of the increases in prices. It did not actually say what the actual evidence proves, and indeed what some parts of its own report lead to as the only obvious conclusion, namely, that the government's policies almost exclusively have been responsible for the increased cost of living in Canada.

Speeches of hon. members in the C.C.F. party in this debate have imported a certain air of unrealism. They have introduced into the debate the theory of over-all controls and the theory of a planned economy as against the free enterprise system. In their usual fashion they have sought to leave the impression that anyone who takes part in free enter-

prise is out to do his neighbour—in fact that was the statement of the hon. member for Vancouver East (Mr. MacInnis). He stated that the philosophy of the free enterprise system is "to do others before they do you."

They are welcome to that point of view. It indicates the unreal world in which they live. The fact that they have that point of view, and put it forward with obvious sincerity, makes it impossible to believe that they are putting it forward merely for political purposes. It is impossible to believe that that is their only reason. It is certainly one of their reasons; but if that were the only reason one might say, "Well, at least they are realists so far as their own interests are concerned; at least they are trying to get into power by painting a picture which they know to be untrue." But unfortunately—or perhaps fortunately—that is not the whole situation. I am beginning to think they really do believe it.

Mr. GIBSON (Comox-Alberni): Oh, they can't be that stupid! I don't believe that!

Mr. FULTON: It would appear that the hon. member for Comox-Alberni (Mr. Gibson) gives them credit for even greater subtlety than I do. However I am glad to have the reassurance he gives me, because I was beginning to think that the C.C.F. really thought that what they say about free enterprise is actually true. I am glad to know they do not, and I am glad also to have the confirmation of an independent member, free from political bias.

In any event, that is what they say they believe about the free enterprise system, that it has a social philosophy based upon the principle of doing others before they do you. In any event, that is the basis of their approach to this whole situation. Consequently they have introduced a note of unreality into the debate.

Let me say, before going on, that there is one part of their argument which should be answered clearly and in such a way as to leave no doubt in the minds of hon. members, the C.C.F. party, or the people of Canada, and that is for me to say that they are not the only party which has at heart the welfare of the average man and woman in Canada. That, of course, is the impression they have been seeking to leave in the country for many years.

Mr. MacINNIS: That is scarcely peculiar to the C.C.F.

Mr. FULTON: It is with a spirit of self-righteousness that they have introduced into this debate the suggestion that they are the only ones who have at heart the interests of the common people of Canada. That, of course, is not a fact. The fact is that I believe everyone in the House of Commons, every party in the country, has at heart the interests of the people of Canada. We criticize the government, yes; we say their policies are not working in the best interests of the people of Canada. But we do not say they are doing this deliberately. The only people who say that about the government, about the official opposition and about anyone else who disagrees with them, is the C.C.F. That, I suggest, proves clearly again the world of unreality in which they live.

It is not possible to look into people's minds and to know what goes on in those minds. But I would tell my hon. friends that I do not think those tactics work with the people. I tell my hon. friends that this party certainly has at heart the interests of every man and woman in Canada as much as they have. Indeed I believe it could be said that we have more at heart the interests of the people in Canada, because we do not live in that unreal world in which my hon. friends the socialists live.

We do not want to introduce into this debate or into the debate on every problem which comes up in the House of Commons this theoretical question of the substitution of a planned economy for our present system. We do not want to conduct our debates on that basis, because we prefer to advocate things which can be and should be done now to relieve the Canadian people from the increasing burden of the cost of living in Canada today. That is where our approach to the matter is a great deal more realistic than theirs because, as the hon. member for Eglinton said this afternoon, we have suggested and will continue to suggest things which should be and can be done to relieve that burden and to check the increasing cost of living.

Before I proceed further to analyse the things which should be done, I should like to deal with some of the points raised by hon. members of the C.C.F. who have taken part in the debate this evening. In the amendment moved by the hon. member for Cariboo, there was a great similarity to certain recommendations in the report of the prices committee, and particularly in the first paragraph of the amendment where there is a recommendation for the reimposition of the excess profits tax and a reversal to a policy of subsidies. Those are the recommendations contained in paragraphs 5 and 8 of the recommendations of the prices committee. It shows how closely the minds of the government—those who drew up the report anyway—and the C.C.F. run

together on this and other related matters. We find the C.C.F. party strongly criticizing the report and some of its recommendations; yet we find here, as in so many other matters, they are at one as to the solution which should be adopted. They are also similar in this respect, that in the same way in which the government has failed to find or put forward a solution of the problem, I am sure that the recommendations of the C.C.F. would have equally little chance of success.

One fact emerges from the remarks of the hon. member for Cariboo and the hon. member for Vancouver East, namely, that the C.C.F. solution of this problem is in a reversal to a system of over-all price control. The hon. member for Cariboo devoted almost all his remarks to that idea. He quoted certain evidence given before the committee by Mr. K. W. Taylor, president of the wartime prices and trade board. The whole tenor of the portions of the evidence which the hon. member quoted was to the effect that, under the present stresses and strains, the free enterprise system would result in a certain upward pressure on prices. The hon. member quoted with approval those portions of the remarks of the chairman of the wartime prices and trade board, and he referred to him as being a highly qualified witness in this and other related matters.

That being the case, I am sure the hon. member will give equal credence to other passages of the evidence of the same witness, because those passages are important in connection with this particular matter. In the early stages of the committee meetings, Mr. Taylor was discussing the question of the reversion to over-all price control, the very matter the hon. member for Cariboo was discussing this afternoon. The relevant portion of the witness' remarks in that particular connection is to be found on page 61 of the minutes of proceedings and evidence of the committee. Mr. Taylor said this:

> A "free economy" is predominantly based upon and organized by a system of free prices—free, that is, within the general framework of the law. In a free economy, prices constitute the main guide to production, and are at the same time the balance-wheel of supply and demand. Rising prices for one commodity indicate relative shortage and invite both increased production and economy in consumption; falling prices, in turn, indicate relative surplus and produce a tendency to ease up on production and to increase consumption. In other words, it is this constant flexibility of prices that helps to keep production and consumption in reasonable balance and harmony.

I do not think even the hon. member for Cariboo in any of his remarks this afternoon disagreed with that portion of Mr. Taylor's evidence. The witness went on to say this with respect to an over-all system of price control:

> If a community embarks upon a system of fixed or administered prices, it must invent some substitute for the flexible price system as a means of finding out what people really want, and what they want more of, and what they want less of. Failing such a substitute, the principle of freedom tends to disappear, and the government has to decide what will be produced and in what quantities. The free price system has many imperfections, but there has not yet been developed any other system that will preserve in essence what I call a "free economy."
>
> Administered or government-determined prices inevitably entail considerable government control over the details of production and distribution. And the wider the range, and the longer the duration of administered prices the more detailed must these controls become.
>
> I think I should emphasize, out of a considerable background of experience, that the fixing of a price is only the beginning of price control. During the war years we found that the making of actual price decisions was not too difficult, and formed only a minor part of our work. It was the efforts to assure supply, to estimate what was needed, to see that things were fairly distributed, to protect the consumer against upgrading or degradation of quality, it was the interminable investigating, checking and blocking of loop-holes for evasion that made up by far the larger part of each month's work.
>
> None of this is an argument against price controls in emergencies, when prolonged physical shortages of goods are inescapable. But I do suggest that these considerations should be carefully weighed whenever any broad extension of continuing government price fixing is proposed.

We have already heard of how in another portion of his remarks the chairman of the wartime prices and trade board spoke of the chaos that would result from a roll-back and the imposition of over-all controls. Those two portions of his evidence go together. The portion with which I am concerned and the point I want to make here is that the chairman of the wartime prices and trade board admits that if you start control you have to go the whole way. You cannot have partial control and partial freedom in our economy.

The hon. member for Cariboo dealt with another portion of Mr. Taylor's statement in his remarks this afternoon, when he admitted that shortages exist. In fact I think he went so far as to admit that shortages are the main cause of the present increases in prices under the present system. I suggest that if he believes that he will agree that at present there is only one solution consistent with the maintenance of our free system, and that is increased production. Greater production, greater abundance is the solution. That is the main solution, the main requirements for a restoration of

balance in our economy and for lower prices. And in order to achieve more production we need, not more taxation but less taxation. That is the inconsistency in the hon. gentleman's proposal which he made this afternoon, because there he advocated more taxation.

I think the hon. gentleman's party, that is, the C.C.F., as a whole agrees with the position he took this afternoon when he said it was not possible to control prices in spots. We all agree with that. If he will admit that it is impossible to control prices only in spots, why will he not take the other logical step and admit that it is not possible to control our economy only in spots, that you cannot have control of prices unless you have control over all the costs entering into production. There must then be control of raw materials, wages, prices of farm products; control of the whole economy.

Based upon the remarks of the chairman of the wartime prices and trade board, that conclusion is inescapable. As he said, if you remove the incentive from the price system you have to substitute something in its place. Under the system of our hon. friends the socialists, that substitute would be compulsion. If you stop the working of the free enterprise system you must use force, or you will have complete stagnation. Take away the incentive to production and you will not get production. Therefore you will have to resort to something else, and the only possible thing you can resort to is force—it is force or famine. Compulsion is what it comes to under their system.

Take the case of butter. There you have a prime example of what we have been talking about. Price control of butter was re-introduced last January. I want to refer to some of the discussion which took place in this house recently. I do not agree with the hon. member for Middlesex West (Mr. McCubbin), the parliamentary assistant to the Minister of Agriculture (Mr. Gardiner), when he says we need not be concerned about a butter shortage next fall. I think we shall probably have one. If you compare the export figures of dairy cattle to the United States this year and last you will find that exports are running about double last year's volume. I have here the latest Department of Agriculture *Live Stock Market Review* of June 24, and on the first page it gives the exports of dairy cattle to the south, totalling for the week 4,761 head, making a total to date this year of 46,417. For the same week last year the exports were 884 head and, from the first of last year to June 26, 22,338; so that exports for the week were five times greater this year than last, and the figures for the year to date are twice as high this year as last. This export of dairy cattle to the United States is, of course, accompanied by a reduction in the production of butter in this country—and again is caused by the removal of incentive to produce butter, resulting from control without compulsion.

The logical conclusion of the solution advocated by the C.C.F., namely, the restoration of over-all controls in peacetime, is the use of force to secure production. That can be made as a statement of fact, because we can see in the words of C.C.F. speakers, themselves, that that is what they want. We know, from listening to their remarks in this country, that is what they want and what they are prepared to contemplate. To substantiate the statement I have made, I remind the house that the hon. member for Cape Breton South (Mr. Gillis), when speaking on the labour estimates on June 24, said we would have to revert eventually in this country to a system of directed labour. His words can be found at page 5822 of *Hansard*. That was the system he wanted. That is the system they contemplate and would like to see in effect in this country—control of prices, direction of labour, the complete abolition of freedom. We surely can accept their own words for that. They are not in power in this country; but let us look at what is happening in the United Kingdom. There they have just that. They have to have it. I do not think the majority of the people there want it; I do not know if even the labour government wanted to bring it in; but in order to implement their plan, they had to have it—and they have it—control of prices and compulsion of labour. Incidentally, Mr. Speaker, a fact which my socialist friends of the C.C.F. overlook when they talk about controls is that the price level in the United Kingdom, where they have complete controls, has risen more rapidly and to a higher level than the price level in Canada or in the United States.

This is what the system of controls imposed in wartime and maintained in peacetime has done to the wholesale price level in the United Kingdom. I am quoting from the *Statistical Summary of the Bank of Canada* for April, 1948. In 1937 the wholesale price level in the United Kingdom stood at 109·5, and it rose by 1945 to 170·2. By March, 1948, it had risen to 218·7, or a rise between 1937 and March, 1948, of 109·2 points.

Mr. HARTT: Where was that?

Mr. FULTON: In the United Kingdom. The wholesale price level in Canada in 1937 stood

at approximately the same level as in the United Kingdom, 109·7 in Canada as against 109·5 in the United Kingdom. In Canada it had risen by 1945 to 134·4 and by March, 1948, to 190·5, or 28 points below the level in the United Kingdom at the same date. In the United States, that great free enterprise country living under a system which my socialist friends to my left condemned, the wholesale price level in 1937 stood at 107·1. By 1945 it had risen to 131·3 and, by March, 1948, to 200·2, or 10 points above ours and 18 points below the level in the United Kingdom. So there you can see what happens when you get the facts and figures under a controlled economy—control of prices, control of farm products, control of what people shall produce and when and where, and direction of labour; compulsion right across the board—and with all that you have a higher price level and a greater increase in the price level than you have in the United States, where you have free enterprise, and greater than in Canada where we are beginning to get back to free enterprise and where we have relatively a measure of abundance and could have more if the government would do those things we advocate that it should do.

Coming to the report itself, I find many reasons why one cannot concur in it. Not only does it fail, as I said at the outset, to attribute the real reasons for the increase in prices in Canada, but it contains a number of inaccuracies. On page 5, for instance under the heading of "Summary of Findings", the report says:

> The committee is convinced that its action in conducting spot examinations in those commodities that are particularly vulnerable to price increases at the present time has had a deterrent effect on individuals and firms engaged in processing, handling or selling these and related commodities.

I wonder whether the committee is really convinced; I wonder whether the people who drew up this report are convinced, which I doubt. While they may be convinced that what they say is correct, the outstanding fact in the minds of the people of Canada is that the longer the prices committee has sat, the higher prices have gone. So I say there is no ground whatsoever in fact for the statement made there, and no ground for the drafters of the report to have that conviction to which they refer.

On page 48 of the report I find a substantial error in the compiling of the figures. This is perhaps a relatively small matter, but I think it should be set right immediately, because it gives an entirely wrong impression of what the committee found. A comparison is given of the gross profits earned by some firms in the fruit and vegetable industry, covering five months from November to March in 1946-47 and 1947-48. In the first column the total in dollars is given as $80,904; in the second column, $165,539. Therefore the committee feels it is justified in saying that the net operating profit more than doubled. If you will add up the figures in the first column you will find that there is an error of $30,000 in addition. The total is just all wrong. The total should be $110,188, which means that the profits in the second period were a great deal less than double the total in the first period. Actually when one analyses it further he finds that the error is that they failed to show that one of the figures in the first column was an operating loss of $29,284 which, when subtracted from the total, leaves the total of the first column of figures correct, but gives an entirely erroneous impression. It fails to show that the profit system is what we have always said it is, namely, not only a profit system but a profit and loss system; but the assumption which the committee makes, based on that as to the reason for the increase in the cost of living, is entirely erroneous, and gives a wrong impression about how business is carried on. I think the chairman should see to it that the report is corrected in that particular and that any harm done is remedied.

I think what was said this afternoon by the hon. member for Eglinton (Mr. Fleming) and by the hon. member for Vancouver-Burrard (Mr. Merritt) sufficiently analysed the main weaknesses in this report and sufficiently showed the true situation and the true cause of the rise in prices. Therefore I will not attempt to duplicate the presentations which they have made; but in summary form I do want to indicate, first, wherein government policies have been responsible for the increase and what steps we would take, what steps we urge the government to take, to meet the situation and to relieve the people of Canada of the increase and to get living costs down again.

First, rising prices have come about because of shortages in essential commodities. That initial shortage situation can hardly be blamed on the government. It was caused by the war. But it was aggravated by our decision, properly taken and agreed to by all, to extend relief and rehabilitation to the United Kingdom and to Europe. The point I make there is that the government knew about that shortage. It knew that its program of relief and rehabilitation would aggravate these shortages, yet it took no adequate steps to ensure that our production of these essential commodities would be increased to meet those commitments which we have to fulfil.

The second cause of increase in prices is, of course, inflation, increase of the amount of money in circulation in proportion to the goods available for sale. In that connection the government's policies are directly responsible for the increase in the cost of living. As an illustration of what I have in mind, I want to refer to the last budget. Although we had a surplus of $700 million as a result of high taxation, we were told that if we left the money in the taxpayers' pockets we would increase inflation. We were told that they did not know how to spend their own money, and that the government would have to spend it for them. We were told that it will be spent on debt reduction. Therefore, instead of being a taxpayer's budget, instead of being a people's budget, it became a bondholder's budget; that is all. What is the difference? If you retire bonds and put $100 for that bond back into circulation, back into the taxpayer's pocket, he has it to take out and spend. Therefore you are not preventing inflation, because just as much money is going back into circulation. But instead of the taxpayer having more of his income in his pocket and getting relief in that way, by a lowering of the tax rates, now he has to take this little capital, which he saved before, and spend it to meet the increase in the cost of living.

The third reason is, of course, the embargoes on imports from the United States, which immediately created a series of serious shortages in Canada and set the stage for speculation. The government, having invited speculation, now seeks to pass all the blame for the situation off on to the comparatively few who indulged in speculation.

The fourth is the procedure with relation to food prices. We remember what happened last November when, well in advance, the government announced that contracts with the United Kingdom were to be re-negotiated at increased prices. Food prices immediately went up in anticipation of that re-negotiation. The same thing is happening now with relation to the price of beef. In an effort to win the election in Saskatchewan the Minister of Agriculture has been forecasting for a month the lifting of the embargo against the export of beef cattle. What could happen as a result? What the government invited happened. The farmers have held off their beef in anticipation of the lifting of the embargo, with two results: first, a growing shortage of beef on the market, and second, an increase in the price of that which remained. That is another instance of a direct, almost a deliberate, invitation to a price rise. And yet the embargo has not been removed.

Finally, we have the excise taxes which increased by 25 per cent the cost of many commodities basic in our cost of living.

Mr. ABBOTT: Such as?

Mr. FULTON: These taxes, which have done more than anything else in recent years to increase the cost of living are, we hope, to be removed in the near future. Certainly the committee's report recommends it.

I wish the government would not be so sensitive to the criticism of its own members because, from authoritative statements reported in the press, one understands that, had this criticism not been made, the government might have already removed some of those taxes. One can only hope that either the government will become a little less sensitive to criticism by its own members, or that its own members will develop a better sense of timing in their approaches to the government.

In conclusion, I should like to list briefly the five measures that we would put into effect, and which should be put into effect now, to deal with the situation. First, we should free the dollar to encourage imports and thus relieve shortages and give increased production. Second, we should remove the embargoes which keep out the goods we require, thus cutting down the shortages. Third, we should remove the 25 per cent excise tax, and the sales tax from basic commodities, thus reducing the price of many essentials. Fourth, we should lower taxes and increase exemptions, thus leaving people more money in the lower income brackets, and family groups more money in their pockets to meet the increased costs, and leave more money free for investment and expansion. Fifth, we should immediately institute a large-scale natural resources development program to produce more at home and to increase the wealth and prosperity of this country.

Mr. RALPH MAYBANK (Winnipeg South Centre): Mr. Speaker, in the first place, I believe certain remarks should be made by me with reference to something which was said this afternoon by the hon. member for Eglinton (Mr. Fleming). He made what I should think it would be fair to say was an attack on the very idea of this committee making recommendations.

Mr. FLEMING: In the circumstances.

Mr. MAYBANK: In the circumstances, as he desires to interject. I am quite agreeable to put that in because, in keeping with my attitude all through my work on the committee, I desire to please him as much as possible.

He said in effect that we were shorn of the right to make recommendations. He further said in effect that we were thus shorn of the right to make recommendations by reason of an amendment from his side of the house which was ruled out of order, and ruled out of order on my motion. Well, I suppose with respect to the last part of his statement he is substantially correct. I did move that the amendment made by his leader, I believe, was out of order. But of course there are few people besides himself who would come to the conclusion that, because an amendment moved by his leader was out of order, the committee itself had tape pasted across its mouth and could not make recommendations if it saw fit to do so.

If he desires so particularly and so vehemently to parade his own obtuseness he should blame himself and not the Liberal members of the committee. If he did not know he had the same rights to express his opinion as to what should be done, surely he cannot blame me. He cannot blame anyone but himself. The simple truth of the matter is, as the house will recall, than an amendment was moved directing the committee to act in a certain way. I took the position, at the time I contended that the amendment was out of order, that the house was directing into the hands of the committee—and the word "directing" is the one I wish to underline—the work which is usually that of the cabinet. That was the whole point. It was the directing of the committee to act in a certain fashion; and it seemed to me that an amendment of that sort, particularly coming from the non-responsible section of the house—and it will be noted that I did not say the irresponsible section of the house—

An hon. MEMBER: A distinction without a difference.

Mr. MAYBANK: —was, by its very nature, out of order. It is true that I have used the words "irresponsible" and "non-responsible". It may seem to some hon. members that it is a distinction without a difference. However, if they think that—and perhaps there is some truth in it—it is their privilege to do so.

Mr. JACKMAN: The hon. member's sense of humour is not as good as that of the house.

Mr. MAYBANK: But that does not say at all that these members of the committee, sitting down to consider the evidence, were precluded from saying that, upon a review of the evidence, they had found certain things. Over and over again the hon. member for Eglinton made the statement that we were thus shorn, and when I heard it I considered that it was not worth answering. I did not really think he believed that his liberties had been so greatly curtailed. I felt that he was just complaining from time to time for the purpose of complaining.

An hon. MEMBER: That is because the hon. member is so obtuse.

Mr. MAYBANK: I listened to his remarks in his customary querulous accents, took a firm grip on myself, remained patient and said nothing. It was not until he came to us this afternoon making confession of his lack of acumen and lack of wit that I realized that such was not the reason. All the time I thought he was simply saying these things for the purpose of satisfying a spleen against the government or something of that sort. It was not until then that I realized that such was not the reason at all. I then came to find out that indeed he had been blind to the fact that he had had no liberties shorn from him at all. Had I realized the tenderness of his intellect at the time he was making these complaints, I would have then endeavoured to correct his error; but I felt that it would be presumptuous of me to talk to him at that time and explain his error. I thought I would be told that I was trying to teach my grandmother to suck eggs or something like that.

There is one other point to which the hon. member has adverted on which I think I have a right to make some comments. He asserted that these conclusions were not brought in until a certain hour in the morning; I think it was 12.30.

Mr. FLEMING: 12.45 a.m.

Mr. MAYBANK: All right, 12.45 a.m. It does not make much difference. I am not concerned with the exact hour and minute. The point is that he says he received this information too late. I would call to his attention, and assert for the benefit of the house, the fact that he was not taken by surprise at that time, that conclusions or recommendations were possible for us to make or that it was within our capabilities to make them; because a drafting committee was struck. He was on the drafting committee. The drafting committee met several days before the time these recommendations were brought before the main committee, and it was then asserted that the right to make recommendations naturally existed. So he was not taken by surprise.

Mr. FLEMING: Mr. Speaker, I am sure the hon. member will not wish to leave a remark like that on the record if its accuracy is not supportable. I attended a meeting of the drafting committee, but at no time in my

hearing was any such statement made about recommendations. I never heard any suggestion that recommendations were coming until the dying moments of that all-day session.

Mr. MAYBANK: I am sorry to be obliged to take issue with the hon. gentleman in such direct fashion. Others were present at the time. The fact that it was open to us to make recommendations was stated. Whether the hon. member heard that statement or whether he did not hear it, I do not know. But of the fact that the statement was made, I am quite certain.

Mr. FLEMING: It certainly was not stated while I was present.

Mr. SPEAKER: Order.

Mr. MAYBANK: I do not think I should follow that matter up any further. Other members of the drafting committee were there, and they know what happened. In view of the fact that the hon. gentleman could so misunderstand his powers as a member of the committee, as I have already delineated, it will not be difficult for this house to understand that matters can be stated in front of the hon. gentleman and he will not even know they are being stated.

The hon. member has also objected—and I cannot help thinking there is in a way some justification for the complaint—that he did not even see the recommendations that some of us intended to bring in until quite late, although he would have seen them earlier if he had not attempted all throughout the proceedings to delay matters as much as possible. But that is just by the way.

Mr. FLEMING: On a question of privilege, Mr. Speaker—

Mr. MAYBANK: I assume there is justification for that sort of thing.

Mr. FLEMING: On a point of order, Mr. Speaker, the hon. gentleman has just asserted that I attempted to delay the proceedings as much as possible. That is entirely at variance with the facts. I sought to make the proceedings in that committee something of a reality in a discussion of the contents of this draft report, and not to swallow something that the chairman or the vice-chairman attempted to stuff down the throats of the committee.

Mr. MAYBANK: Now that the hon. gentleman has again interrupted, now that he has made another speech—

Mr. FLEMING: Stick to the facts.

Mr. MAYBANK: —now that he has finally come to the end, and his clack, too, has subsided, may I remark that it would be well for him to raise points of order that are points of order, and not merely to endeavour to inflict upon the house, one, two, three, four, five, six, seven, eight, nine, ten speeches. There is no point of order in that. I am describing what I believe was his attitude in the committee, and I have a right to describe it as it appeared to me. He has a right to deny it at the appropriate time, and to describe his attitude or that of anybody else. But to be continually getting up and making more speeches is an abuse of the privileges of the house. I do not object to points of order or points of privilege being taken. But that sort of thing, just making another speech, is an abuse of the privileges of the house. It is patent that it is taking advantage of this House of Commons.

Since I have made reference to these recommendations, if they may be so called—I do not care what you call them—being brought in so late; if there is objection to that, the hon. member supplied the reason they should not have been brought in earlier. He complained that there were leaks here and there; that this thing and that were in the newspapers before we ever brought in the report. That was the statement the hon. gentleman made. I do not know whether it is right, but that is his own complaint. Incidentally, since he knew all about it from what was in the newspapers, it is remarkable that he should be so greatly taken by surprise when the report was actually brought in.

I want to point out that members of that committee had no power to impose secrecy upon other members. Some people say that when matters are laid before a committee they should be kept secret until they are formally made public. I do not know whether or not that is right, but the fact is that we had no power to impose secrecy upon any member of the committee. So it seems to me that when you do not want matters to be made public before they are what one might call complete, the best thing to do is wait for the proper time to bring them in. I admit that imposes a bit of strain upon people when they see recommendations, perhaps surprising recommendations, at a late stage; but those are the facts. There had been leaks. Why invite more? This is not intended as any reflection upon the hon. member for Eglinton. I am not even suggesting that if the recommendations had been placed in his hands sooner he would have handed them to the press. That is not the suggestion at all. It is simply, as he points out, that persons were discussing the report before it was presented; articles were appearing in

the press, and that in itself would be reason for delay in presenting some portions of the report.

Having said so much by way of discussion of some of the points raised by the hon. member for Eglinton, may I make a general observation with regard to the report and its nature. Hon. members on the one side take the position that it is a sort of all-out attack on business. Other hon. members seem to think we have not gone far enough in that regard. That is an entirely wrong view to take of it. All through the report—and it is replete with references of this sort—it is indicated that there is no attack on business in general. There is no belief on the part of the committee that business has been acting badly or improperly, that it has been gouging extra profits or anything like that. It is suggested that in some cases there may have been improprieties or a departure from good, ethical practices, and that if this is the case the government should endeavour to find a way of curbing that sort of thing. The intention of the committee, as expressed in the report, is no more than that. A fair reading of the report will bring that out clearly. I emphasize the words "a fair reading of the report", because it is quite obvious that the Tories are not giving it a fair reading, nor have they any desire to do so. I am quite content that their only desire is the desire they indicated when the committee was set up. They made up their minds then that the committee would not function; and it is my opinion that they did their best to make their prophecy come true. But if others will read the report fairly they will realize that there is no general attack on business. This is neither a whitewashing nor a smearing report. I think some hon. gentlemen on that side of the house would like to have made it a complete whitewash, but that cannot be done.

Mr. FLEMING: On a point of order, Mr. Speaker, the hon. member has just now imputed motives. He just stated in terms that the members of the official opposition did not want findings that would be anything but a whitewash. That is most improper, and I ask the hon. member to withdraw it.

Mr. SPEAKER: The hon. gentleman should realize that this afternoon I was very generous with him. I had some reason to believe that he himself was imputing motives, but I did not intervene. So I do not think the hon. gentleman should interrupt the hon. member who has the floor.

Mr. FLEMING: Do you rule that there is no imputation of motives in what the hon. member has said? I say he is quite improperly imputing motives.

Mr. SPEAKER: The hon. gentleman may proceed.

Mr. MAYBANK: Well, Mr. Speaker, this additional interruption is characteristic of the attitude of the hon. member throughout, from the time this committee was proposed up to the present moment. I might as well warn the house now that probably we shall have a great many more puerile interjections of this kind. It is a Tory complex, I have been told. So that you may have some idea of the further puerilities that will stem from that source, I call attention to the length of time taken by the hon. member in discussing such things as where the conclusions should occur in the report, the pagination of the report, and so on. These are matters of vast consequence to the hon. member. It might interest the hon. gentleman and others to know that this way of publishing conclusions, at the beginning of a report, seems to be sanctioned by practice. Whether or not it is the most logical way, it is often done. The last report I happened to see in which this practice was followed was the report by the famous price spreads committee, which was recommended and piloted through by Mr. Stevens, a member of the then Tory government. Surely, after pointing out that this was the way it was done then, these Tories, who naturally worship everything in the past, falling down before their gods four, five and six times a day, will no longer question the fact that this committee placed these recommendations at the beginning of the report. As far as I know, no point of order has yet been taken in connection with that statement.

Further puerilities to which I might direct attention—

Mr. HODGSON: Well, it is still eighteen months from an election.

Mr. MAYBANK: Now the interjections are coming from another part of the Tory phalanx. Evidently the signal has gone from one part of the chamber to another, to have some person in another area take up the attack and make as many interjections as possible. They might just as well not waste their time with that sort of thing.

Mr. HODGSON: Do not waste your time in my riding either.

Mr. MAYBANK: They will not have any effect upon me, in my delineation of them. There is one feature about the Tory speeches which have thus far been made, which is quite revealing. That came from the hon. member for Nanaimo (Mr. Pearkes). It

showed, possibly without thinking, the whole attitude of his party with reference to this problem or any other, when he attacked the government policy by saying—I should have said that it was the hon. member for Vancouver-Burrard (Mr. Merritt)—

Mr. MERRITT: Another mistake.

Mr. MAYBANK: I apologize to the hon. member for Nanaimo, wherever he may be. And I have no desire to misname the hon. member for Vancouver-Burrard, either. It was he who unwittingly showed their whole policy with respect to everything when he declaimed so emphatically that the real problem is a tight labour market—and those are my words, not his; I have paraphrased slightly. It was the labour market, according to him, that was the cause of everything.

That just illustrates what they want. They want to have a labour pool. If they can get a labour pool they can get labour cheaper. If they can get labour cheaper they can have lower prices; and that is their solution of all the ills in the world.

Mr. MERRITT: I was just quoting the Minister of Finance (Mr. Abbott).

Mr. MAYBANK: I see that was not a point of order, after all. In those words the hon. member epitomized the attitude of the Tory party and the Tory mind all over the world.

Mr. FULTON: And the minister epitomized it in the same words.

Mr. GRANT: Another lightweight.

Mr. MACDONNELL (Muskoka-Ontario): Have you nothing to say in favour of this report?

Mr. MAYBANK: Various references were made by the hon. member for Eglinton and others about some of the recommendations. As I recall it, scorn was poured upon the recommendations respecting the reduction of the excise tax.

Mr. MERRITT: Just the way it was brought in.

Mr. MAYBANK: Oh, yes, yes, yes. I will say this for the hon. member for Vancouver-Burrard: He did not vote against it at any rate. He went home. He did not vote.

Mr. MERRITT: At one o'clock in the morning.

Mr. MAYBANK: The hon. member for Eglinton, however, who has declaimed so vigorously this afternoon about the reduction of the tax, and how it should have been reduced long ago—in fact, reduced before it was ever put on—did vote against it. He voted against the proposition that consideration should be given to the practicability of cutting out that tax now. Despite all his oratory this afternoon, the facts are that he voted against that recommendation; and he voted against every other recommendation, too. I suppose it would be trite to observe that actions speak louder than words. But it is true, is it not?

Mr. MERRITT: You voted both ways on that.

Mr. PARENT: No; that was Hackett.

Mr. MAYBANK: I wish also to call this to the attention of the house: the hon. member for Eglinton, and others, have inveighed against what they have called the incompleteness of the report, and have inveighed against what they call its too great voluminousness. I wish to remind them and to tell the house that there is no record of any proposal of any kind by them as to what evidence should be reviewed, as to what recommendations might be made or as to what recommendations might not be made. There just is not any positive contribution on the part of those gentlemen to be found in the records at any stage of the consideration of this report. And it is not as though they had not apparently been giving thought to it because, as a matter of fact, they were continually talking about stopping the committee work and making an interim report about something or another.

Mr. MERRITT: Will the hon. member permit a question?

An hon. MEMBER: Sit down.

Mr. MERRITT: Is it not a fact that the hon. member, while chairman of the committee, told me that if I had any suggestions to make I was to put them into the form of a motion and he would have them voted down? Will the hon. member tell me whether it was worthwhile to put forward any recommendation after his statement?

Mr. MAYBANK: This last speech hardly requires any reply. The hon. member seems to complain that he was admonished—not once; he is quite right about that, but many times—to put proposals into the form of a motion. Over and over and over again they were admonished, exhorted, urged to do something. But they could not do anything except captiously to criticize. Why should he, a parliamentarian, object when he was requested to put a proposition into the form of a motion? Why should he object to that? Is that not a proper thing to do? And from what he now says, the house will recognize the truth of what I am

saying, that there was no contribution at any time by any of those members in the committee. They were trying captiously to criticize and, if possible, to hold back; and if that statement is not true, they acted as if it were true.

Mr. MERRITT: You have not answered my question yet.

Mr. REID: It is not unusual for them.

Mr. MAYBANK: No, as the hon. member for New Westminster (Mr. Reid) points out, it is not. It is not unusual to have such an attitude as that from them.

Some consideration has been given to the pages of this report. It has not been pointed out that, in the main, the report is a digest of evidence. That is what takes up most of the large volume we have before us. No one has suggested that it is an unfair digest of the evidence. I think such a digest of evidence is bound to be inadequate. I feel that when you have so great a volume of evidence to review you are almost certain to do an inadequate job of pressing that into a relatively small number of pages.

At any rate, however, the best that could be done was done; and I conceive that it is a very good job, although I feel there must be some inaccuracies. I consider that it must be inadequate in some respects; but, all things considered, I believe it is a fair digest. It is never consciously unfair, and there is no singling out of evidence one way to the detriment of a case which might have been presented the other way.

Let me call to the attention of the house the fact that those hon. members who have criticized the report never made any reference to the fact that the evidence was presented there in digest form to the house. As a matter of fact, they talked as though they did not want the house to know it. It is there for any person to read and determine whether, in that light, the conclusions are reasonable.

The conclusions and recommendations are not put forth dogmatically. Everyone, except the hon. members who offer no assistance, admits that the problem of high prices is a most difficult one. In general that problem in Canada has been seriously affected by external prices. I do not know whether they would deny that, but they probably will. Take zinc for example, which is exported in part. The high price of that commodity in Canada is bound to be affected by what is obtainable for it in the foreign markets. So with hundreds and hundreds of the articles which we have for sale in Canada; they are affected by export prices.

So far as import prices are concerned, it is also patent that we are buying in markets where prices are high and that high-priced articles enter into production in this country and are bound to affect prices here. But my hon. friends do not wish to admit that; they do not wish to say anything about that, and they do not wish to let anybody else say anything about it either.

That is the reason for this dissertation before the evidence is digested. That is the reason for these conclusions being arrived at. I ask that some of the conclusions be looked at shortly. In effect the first one says it probably would be good business to have continued the scrutiny of prices. That is all it says, that it probably would be of value. The hon. member for Eglinton voted against that.

It is suggested there as well as elsewhere—the hon. member took exception to this—that there is some reason for thinking that the committee sittings had had a salutary effect upon the price structure or the price level. I must admit that that is an imponderable; you cannot be sure that that is so. However, the capable women who came before the committee representing the Canadian association of consumers, a large association of keen-eyed students, asserted that they believed such to be the case. One large manufacturer stated recently that if it were not for the sittings here he would raise his prices, that he would raise them as soon as the committee rose. He was cross-examined at some length to make sure that he had not been misheard, but he was positive about it. I happen to recall it quite definitely. There were other statements of the same sort.

The hon. member for Eglinton went on to say that you should not make too much out of that. I subscribe to the idea that one swallow does not make a summer, but I think there is some reason for believing that if there is a continued possibility of your being called up before an organization to explain why you are doing certain things, there will be salutary results. As I say, the hon. member for Eglinton voted against that. I do not know whether the hon. member for Vancouver-Burrard did or not.

Mr. MERRITT: Do not worry; I would have voted against it.

Mr. MAYBANK: The second recommendation is in connection with an important arm in the administration of the government, namely, the combines investigation commission. We feel that it would be well to strengthen that. Surely there cannot be any objection to that. Surely every person here

who is interested in doing what can be done to keep down prices, to see that prices are not fixed improperly, would be in favour of that. But, as I say, they are against that.

Then I come to the word "profiteer." The third recommendation is that flagrant cases of profiteering should be prosecuted. The hon. member is against that; the Tories are against that. It might very well be that the law under which such prosecution would take place might be sfrengthened. I think it should be. I feel that it would be much easier to discharge duties under a brief for the defence than under a brief for the prosecution, with the law as it is. Without attempting anything in the nature of persecution, I think good purposes would be served by making that law stronger in order to hit out at plainly flagrant cases of profiteering.

During his speech the hon. member said that we have been indefinite in our report, that we have said that certain people seem to have done so-and-so and that something else had happened, that nobody has been named. Surely that was the fair way to report. What would he have said if this committee had asserted that John Doe was guilty of an offence? What would he have said if the committee in an ex parte examination of the matter decided that certain people were guilty and should be prosecuted?

Mr. FLEMING: You preferred a general smear.

Mr. MAYBANK: That is the sort of thing he would like this committee to do but he did not have the temerity to make a motion to that effect, although today he says this committee should have reported that certain people were guilty. The evidence was not sufficient for that and the committee wanted to be fair. It is now that the hon. member discloses himself as desiring to be unfair, although I am quite sure he will be the first one to deny that he has any such intention.

I observe that you are becoming rather restive, Mr. Speaker, because it would seem that I have come to the end of my forty minutes. I would suggest that I be allowed to continue for a minute or two, more particularly since I have been interrupted a few times. But if there should be any person who desires not to grant that to me, naturally I shall be content, because the house has been most patient in listening to me thus far.

Some hon. MEMBERS: Go ahead.

Mr. SPEAKER: Has the hon. member unanimous consent to proceed?

An hon. MEMBER: Yes.

An hon. MEMBER: Not past eleven o'clock.

Mr. FRASER: We get Charlie McCarthy tomorrow night.

Mr. MAYBANK: I am quite sure the hon. member will be much better entertained. Of course I would not suggest that that probably is the proper mental level for him.

The next paragraph requires no particular comment. The committee felt that if it was possible, having conserved the United States dollars necessary for the time being, to get away from these bothersome and nuisance-like importation controls on fresh vegetables and fruits, that should be done. Of course the committee has to make a recommendation of that sort with some care. We must consider the labour which the people of Canada have put into the business of producing these vegetables. My own thought is that to remove prohibitions of that sort at the present time when the farmer's labour is done would not be the right and fair thing to do. It is worded deliberately in a careful manner because there are both consumers and producers to take into consideration.

I pass over with only a word the recommendation with reference to the taxing of profits. Again every person must agree that that is a difficult sort of law to work out. But if improper profits are being made, if profits rise so high that they are clearly beyond what is reasonable, then indeed it does not seem unfair to tax them, because that is where the wealth is. That is a carefully worded section. There is no general attack on business in it.

As to the remaining subjects respecting accounting and inventory reserves, I would point out that many companies, by declaring inventory reserves, have hidden, both from their shareholders and from those who work for them and from the general public, some of the wealth they have made. With many that is not so. It was shown that one company instituted a reserve policy and followed it automatically through all the years. But with other companies one could not tell without considerable search what their profits were, and it does not seem to me that there should be any objection to a complete revelation of what their profits are. Remember this, that these companies operate by virtue of a charter which has been granted to them by the legislature, and they are given a limited liability. There should not be anything objectionable in requiring a full disclosure, because they are selling their goods to the public as a whole; they are dealing with citizens of the country as labour, and they are selling their securities on the market

by virtue of the sort of annual financial statement they make. Surely, then, it is not unreasonable, when we have granted a limited liability to that kind of artificial person, to require them to disclose what the truth is respecting their business.

I could go on and speak of each one of the recommendations which have been made, but I shall not take up the time of the house to do so at any greater length. As usual, I wish to say I am grateful to hon. members for having listened to me and for having given me extra time to finish up on one or two subjects on which I wanted to speak.

Mr. DIEFENBAKER: Mr. Speaker—

Mr. MACKENZIE KING: Before my hon. friend speaks, I should like to ascertain the wishes of the house about sitting after eleven o'clock.

Some hon. MEMBERS: No.

Mr. MACKENZIE KING: That settles it.

Mr. J. G. DIEFENBAKER (Lake Centre): The address to which we have just listened indicates beyond words the close relationship which those on the government side of the house bear to those in the socialist party, for you will notice, Mr. Speaker, that not one word of criticism passed the lips of my hon. friend in regard to those sitting to our left.

Mr. KNOWLES: He did not have time.

Mr. DIEFENBAKER: Here is a most interesting situation. On this which was supposed to be the last day of the session, a motion was made by my hon. friend the Minister of National Health and Welfare (Mr. Martin) in his dual capacity as minister and as chairman of this committee, and not one word passed his lips. For the first time in this house, on a motion as important as this, the chairman of a committee saw fit to throw the report into the house, say nothing about the attitude of the government with regard to it, and allow a discussion, on a matter as important as this, to continue all day without any suggestion on the part of any minister of the crown as to what the government intends to do with regard to this problem.

It is most interesting to discuss, even in the few minutes at my disposal, the series of events which impelled the committee, without power to report—indeed the Prime Minister (Mr. Mackenzie King) himself said that this committee should not have that power, because he pointed out that it would cause political arguments if it had that power—

Mr. MACKENZIE KING: May I say to my hon. friend that when he says "power" he is using the wrong word. I said the committee should not be instructed to bring in recommendations, because they might take their time in debating political policies. I never said the committee had not power.

Mr. DIEFENBAKER: I will refer my right hon. friend to the page. I shall not quote his remarks, because the hon. gentleman who preceded me succeeded in speaking sufficiently long to deny to us any discussion at length of what he said here this evening. The Prime Minister's remarks will be found at pages 749 and 750 of *Hansard*, and when this debate is adjourned and the next opportunity comes I shall quote them.

I was dealing with the series of events. There were by-elections and there were pilgrimages. My hon. friends opposite, who for four long years sat silent in regard to this problem, and who during the last two years never opened their mouths with regard to it, suddenly developed courage. My hon. friend the member for Waterloo North (Mr. Breithaupt) led this valiant band of six to the Prime Minister, according to press reports of the highest authority, and there and then the Prime Minister found himself in a position where he had to take the Minister of Finance (Mr. Abbott) to task because the Minister of Finance had been faithful in carrying out government policy during the last several months.

Mr. MACKENZIE KING: May I say to my hon. friend that is absolute nonsense. I never took the Minister of Finance to task in my life, nor did he ever take me to task.

Mr. DIEFENBAKER: My right hon. friend speaks but the truth, because so often infallibility has been his belief in his own decisions. There is no doubt about the truth of what I was saying, and the press must have been prescient, because its prophecies indeed came true. Last Saturday, a week ago today, information passed along the corridors of this house to the effect that, as a result of this meeting, the six members had convinced the Prime Minister that all was not as well as he said it was, following the results of the by-elections. I am going to read what he said then. There was no suggestion then that inflation was not being controlled. There was no suggestion then that high prices were prevailing in this country, because the Prime Minister said, and I quote from the press statement:

> While inflation may be bad, and takes time to control, it should never be forgotten that there is one thing worse than inflation and that is depression.

These are the words that indicate the change of mind between June 9 and June 19, one week ago today. The Prime Minister said:

The federal government, at the risk of its own immediate popularity, has so shaped its policies as to restrict further inflation in the present, and to lessen the possibilities of depression later on. This, too, is a course of action not too readily understood.

Mr. MACKENZIE KING: What did my hon. friend say after the by-election?

Mr. DIEFENBAKER: I was not in power. The Prime Minister was giving alibis.

Mr. KNOWLES: Farther away from it than ever.

Mr. DIEFENBAKER: Well, of course, again the interruption of my hon. friend to the left indicates the close relationship between these two parties in the house.

Mr. CASTLEDEN: What happened in Saskatchewan?

Mr. DIEFENBAKER: I listened to my hon. friends. I have not been dealing with my hon. friends to the left, but they find it necessary to interrupt.

Within ten days a report was handed to certain members of this committee on prices. I say that one week ago today certain members of this committee, the government members, had the eight recommendations or so in their possession. Who gave them the recommendations? Will the Prime Minister answer who gave them the recommendations? Was it he, or the members of the cabinet who gave them to that committee that was to find facts on evidence? On the 9th of June the Prime Minister said, all is well.

The federal government, at the risk of its own immediate popularity, has so shaped its policies as to restrict further inflation.

And a few days later a report is handed to the members of the committee with the attitude, according to the hon. member for Eglinton, You take it, and if amendments are suggested they will be voted down. That, Mr. Speaker, is the attitude that should be taken by any committee chairman, by any vice-chairman, or by anyone connected with the committee.

Mr. MARTIN: I am sure the hon. member will permit me to say that I was in the chair when the resolutions were discussed, and I am sure the hon. member for Eglinton and every other hon. member of the committee will recall that I made no such remark.

Mr. FLEMING: It was made repeatedly by the vice-chairman.

Mr. DIEFENBAKER: We are at least succeeding in getting a word from the hon. gentleman who has interrupted.

Mr. WARREN: He can look after himself.

Mr. KNOWLES: Go build a house.

An hon. MEMBER: Mortimer Snerd.

Mr. DIEFENBAKER: I am not going to make any observation about that. Then, within a few days these recommendations are handed out. Again I ask the Prime Minister, who was it that one week ago today drafted or handed certain members of the committee, certain government members of the committee, the recommendations that it was desired the committee should give? Surely we have the right to hear from the Prime Minister. Surely this country had the right to hear from the Prime Minister today. What is the government going to do about it?

According to the press of a week ago, and again it was prescient, as soon as the recommendations come before the house—possibly the Minister of National Defence is not following this—

An hon. MEMBER: He lives in Montreal.

Mr. DIEFENBAKER: Has he anything to say about it? What is the attitude of the government? I ask, why have they not given the necessary moneys to the combines investigator, as provided in recommendation No. 2? Two years ago they said, "Put teeth in the law and we will prosecute combines and monopolies." Now they say it was lack of money.

What is the next one? Recommendation No. 3 reads:

That the government amend the regulations of the appropriate legislation, if that be found necessary, so that immediate specific action can be taken wherever the evidence discloses flagrant cases of profiteering at the consumer's expense.

What do they want that for? They have the powers already under the Combines Investigation Act. They have it already in the Wartime Prices and Trade Board Act. They say again, as a stall, that, if necessary, further change be made. What is the government going to do about this recommendation, because did the recommendations not originate with the government? What is the government going to do about this?

That the government consider the removal of import restrictions now in effect on certain fruits and vegetables.

Surely this country has had the right today to learn what the government will do on this

report, not next year, not next session, but before this session closes. Let us do something in this house in regard to prices, whether along the lines here suggested or along whatever lines may be necessary for the purpose.

Since it is eleven o'clock, I move the adjournment of the debate.

On motion of Mr. Diefenbaker the debate was adjourned.

BUSINESS OF THE HOUSE

Mr. KNOWLES: What will be the business on Monday?

Mr. MACKENZIE KING: On Monday the house ought to be prepared to take up anything that is left on the order paper in any order.

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

HOUSE OF COMMONS

Monday, June 28, 1948

The house met at eleven o'clock.

REPORTS AND PAPERS

Report of Canadian delegation to united nations conference on freedom of information, held at Geneva, March 23 to April 21, 1948.—Mr. St. Laurent.

Old age pensions regulations, established by order in council P.C. 1860 of April 29, 1948.—Mr. Martin.

QUESTIONS

(Questions answered orally are indicated by an asterisk).

PAPER AND METAL CURRENCY

Mr. ASHBY:

1. How much new paper money was issued in each of the years 1927 to 1947?
2. What are the names of the companies which made this paper money?
3. What year was this paper money printed?
4. What were the denominations of this paper money?
5. Do the people of Canada own this paper money?
6. If not, who or what institution claims ownership of this paper money?
7. How much metal money (coins) was issued in each of the years 1927 to 1947?
8. In what years or year was this metal money minted?
9. What were the denominations of this metal money?
10. Do the people of Canada own this metal money?
11. If not, who or what institution claims ownership of this metal money?
12. How many units of account or symbol dollars were created in each of the years 1927 to 1947?
13. What are the names of the institutions or companies which created these units of account or symbol dollars?
14. Do the people of Canada own this symbol or credit money?
15. If not, who or what institution or companies claim to own this symbol money?
16. Has any other kind of legal money than the above been created and issued by any institution or individuals in Canada?
17. If not, from what source does interest money come?

Mr. BELZILE:

1. Total active note circulation (Bank of Canada notes, dominion notes in public circulation and chartered bank note circulation, the latter being an approximate figure only since 1944):

	Amount outstanding Dec. 31	Net change during year
	(In millions of dollars)	
1926	209	..
1927	215	+6
1928	222	+7
1929	213	−9
1930	184	−29
1931	175	−9
1932	157	−18
1933	162	+5
1934	173	+11
1935	183	+10
1936	200	+17
1937	214	+14
1938	216	+2
1939	253	+37
1940	347	+94
1941	449	+102
1942	619	+170
1943	769	+150
1944	910	+141
1945	989	+79
1946	1,030	+41
1947	1,029	−1

2. If this question means the companies that printed bank notes, the answer is the Canadian Bank Note Company Limited and the British American Bank Note Company Limited.

3. Such notes have been printed in every year for many years past.

4. Dominion notes were issued in denominations of 25 cents, $1, $2, $4, $5, $50, $500, $1,000, $5,000 and $50,000. Bank of Canada notes have been issued in the denominations of $1, $2, $5, $10, $20, $25, $50, $100, $500 and $1,000. Chartered bank notes have been issued in the denominations of $5, $10, $20, $50 and $100.

5 and 6. This paper money is owned by the particular individuals, firms and corporations which have it in their possession.

7. Amount of subsidiary coins estimated to be outstanding:

	Amount outstanding Dec. 31	Net change during year
	(In millions of dollars)	
1926	30	..
1927	30	..
1928	31	+1
1929	32	+1
1930	32	..
1931	33	+1
1932	33	..
1933	33	..
1934	34	+1
1935	34	..
1936	34	..
1937	35	+1
1938	37	+2
1939	39	+2
1940	45	+6
1941	49	+4
1942	54	+5
1943	64	+10
1944	69	+5
1945	74	+5
1946	76	+2
1947	76	..

8. Canadian subsidiary coinage has been issued every year since 1858.

9. Subsidiary coins are issued in the denominations of 1c, 5c, 10c, 25c, 50c and $1.

10 and 11. These coins are owned by the particular individuals, firms and corporations which have the coins in their possession.

12. It is not possible to answer this question as its meaning is not clear.

13, 14 and 15. Answered by No. 12.

16. Legal tender money in Canada consists of Bank of Canada notes; silver coin for a payment of an amount not exceeding ten dollars; nickel coin for a payment of an amount not exceeding five dollars and bronze coins for a payment of an amount not exceeding twenty-five cents. In addition gold coins of Canada issued in the denominations of $2.50, $5, $10 and $20, gold coins of the United States issued in the denominations of $5, $10 and $20 and the British sovereign or any other gold coin of the United Kingdom being a multiple or division of the sovereign, are legal tender in Canada.

17. It is not possible to answer this question as its meaning is not clear.

STEEL FOR MANUFACTURE OF NAILS

Mr. KNIGHT:

1. How much additional steel has been released for nail manufacture since the passing of the order in council of June 1, 1948?

[Mr. Belzile.]

2. What companies received additional material, and in what quantities?

3. Has any steel for nail making been released to (a) Saskatchewan Federated Co-operatives Limited; (b) any co-operative company?

Mr. McILRAITH:

1. 1,000 tons.

2. It is not in the public interest to reveal the details of private business of individual companies.

3. (a) No; (b) no.

MOTION FOR PAPERS

YUKON QUARTZ MINING ACT

Mr. BLACK (Yukon):

For a return showing any request, recommendation, advice or suggestion from the controller or commissioner of Yukon to the minister, deputy minister or any official of the Department of Mines and Resources that section 78 of the Yukon Quartz Mining Act be enforced.

Mr. MacKINNON: I have had several conversations with the hon. member for Yukon regarding this motion, which has been allowed to stand during his temporary absence from the house. If there are any such communications they would be privileged, and I could not agree to have them brought down.

Mr. SPEAKER: Dropped.

NATIONAL CAPITAL

DEVELOPMENT UNDER APPROVED PLAN—PROVISION FOR ANNUAL APPROPRIATIONS

Right Hon. W. L. MACKENZIE KING (Prime Minister) moved:

That whereas the requirements of a national capital involve, from time to time, developments of a character beyond the municipal improvements ordinarily required in other cities;

And whereas the development of a national capital is at least in part a national responsibility;

And whereas the capital of Canada is designated by the British North America Act to be Ottawa;

And whereas the carrying out of planned improvements requires a clear expression of intention to proceed with necessary developments in a manner which will ensure continuity;

Therefore this house is of opinion:

1. That it is desirable that all developments of the capital should be in accordance with an approved plan which has regard to the position of the city of Ottawa as a national capital in the present, and to its probable needs as the capital of Canada in years to come.

2. That a special account in the consolidated revenue fund, to be known as the national capital fund, should be created to which appropriation may be made annually by parliament over a period of years of the amounts required from time to time to meet the costs of such projects as may be recommended by the federal district commission and approved by the governor in

council for the development of the national capital and the surrounding area, in accordance with the plan;

3. That it is desirable that the work necessary to this end be under the supervision of the federal district commission, distinct from its ordinary operations;

4. That the expenditure of moneys for these purposes should be conditional on the effective co-operation of the city of Ottawa and other municipalities within the national capital district.

He said: I know hon. members are anxious that the session should be concluded with as little delay as possible; therefore I promise I shall not take up much time with this resolution. I believe the resolution in the form in which it appears on the order paper will commend itself to hon. members without extended discussion. Most of the objectives set forth have been approved in past years, and the general conception I believe has met with acceptance not only in parliament but throughout the country.

As hon. members know, there are items in the estimates in relation to the work of the federal district commission. For that reason I shall not in my present remarks go into detail about specific projects. Questions on that particular phase of the matter may be asked when we reach those estimates.

The resolution, in a word, seeks to ensure the continuous development of Ottawa and surrounding areas in a manner which will help to meet its needs as the capital of Canada both at the present time and in years to come. I would link together, as setting forth the essentials of the resolution, certain clauses which appear in it. For this purpose I shall quote from the resolution, but in an order different from that in which these clauses appear.

The resolution states:

That it is desirable that all developments of the capital should be in accordance with an approved plan which has regard to the position of the city of Ottawa as a national capital in the present, and to its probable needs as the capital of Canada in years to come.

The requirements of a national capital involve from time to time developments of a character beyond the municipal improvements ordinarily required in other cities.

The carrying out of planned improvements requires a clear expression of intention to proceed with necessary developments in a manner which will ensure continuity.

A special account in the consolidated revenue fund, to be known as the national capital fund, should be created, to which appropriation may be made annually by parliament over a period of years of the amounts required from time to time to meet the costs of such projects as may be recommended by the federal district commission and approved by the governor in council for the development of the national capital and the surrounding area, in accordance with the plan.

I believe those four paragraphs, which I have rearranged in this order, will give to hon. members the essentials of the resolution.

May I now for a moment enlarge upon the statements therein set forth. It is stated first that—

It is desirable that all developments of the capital should be in accordance with an approved plan which has regard to the position of the city of Ottawa as a national capital in the present, and to its probable needs as the capital of Canada in years to come.

What was known as the Ottawa improvement commission was appointed during the administration of Sir Wilfrid Laurier within one year of fifty years ago in order, as a federal government responsibility, to assist in making in this city such necessary improvements as at that time seemed advisable, having regard to the fact that Ottawa was the capital of Canada. Those improvements have continued over the years, and hon. members now know the effect they have had upon Ottawa as the capital city of our country.

I need not go into details as to what has been accomplished over those years; the vast improvements, so apparent on all sides, speak for themselves. I would ask hon. members, however, to ask themselves what would have been the position in this capital today if those improvements had not been made during the last fifty years. It is in this light that I now present to the house this resolution, one which I hope will lead to essential developments which the city of Ottawa could not be expected to undertake as a municipal obligation, if the capital is to meet the needs which will be expected of it in the course of another fifty years, to say nothing of the years which will follow thereafter.

Unless these essential developments are made at the present time they will be extremely costly to make within another few years, if indeed it might not become next to impossible to make them later on. It is to anticipate a situation of that kind that I am bringing forward this resolution today.

As hon. members are aware, for some years past members of the federal district commission and others who are members of the capital planning committee, including several experts, have been working on a plan for the development of the capital. A master plan is being prepared setting out on broad lines the developments which should be followed from

year to year by the different authorities and organizations having to do with the development of the capital. Here may I point out that the municipality of Ottawa has its obligagations; the provinces of Ontario and Quebec each have also to do with matters which pertain to Ottawa and Hull and which affect the development of the capital. Adjoining municipalities have to be brought into consideration in connection with developments affecting their areas. Finally in association with these authorities there are developments which the government itself, which has a special responsibility for the development of the national capital, will wish to make.

These several bodies cannot be brought together in harmonious relationship unless there is some broad and general plan to be followed. For that reason, for some years past the government, as I have said, has had experts at work under the direction of the federal district commission, preparing a master plan; in that work it has had the benefit of the best advice obtainable.

Mr. FLEMING: Will the Prime Minister permit a question?

Mr. MACKENZIE KING: Well, if my hon. friend wishes to ask it now—

Mr. FLEMING: Would he elucidate the meaning of the expression "approved plan" in the first paragraph of the resolution? Does that refer to a plan which has been approved by the government, or one which has yet to be approved and which can be submitted to parliament for approval?

Mr. MACKENZIE KING: May I ask that I be permitted to continue my general statement? If there are details which I have not covered, they might be brought up for discussion on the estimates relating to the commission. At that time I would be happy so far as possible to answer any questions which may be asked.

The question the hon. member has just asked respecting an approved plan is one which I was about immediately to anticipate. I do not think the words "approved plan" should be taken as meaning that any plan prepared at the moment is to be followed in all details over the next twenty, forty, fifty or a hundred years or that any plan should be approved as a whole by the government or by parliament; but rather that developments should be made in stages in accordance with general ideas which seem to meet with general acceptance and which are in the nature of guides to the future.

[Mr. Mackenzie King.]

A tentative plan is in the making, but it is not completed. As prepared, it deals with general features of the development of the city, including, for example, the main thoroughfares which should be developed; what should be done with railway tracks which intersect different parts of the city; where certain public buildings may be best located, and the like. That plan has already reached the stage which I believe would enable anyone looking at it to see exactly the lines of contemplated future developments. As agreement is reached among the different agencies or governments affected, it would be possible to have developments arranged upon those lines. I do not think however that too much significance should be attached to the word "approved" before the word "plan," as related to the plan as a whole, or as to finality in its details. This is true particularly in view of the fact that no further stage in the development planned on a large scale can take place without parliament approving in the first instance the essential projects being proposed.

The conception of following a master plan is I think imperative if development is to take place in an orderly way, and in a manner which will admit of projects once begun being carried out with a degree of certainty from year to year, different stages, as I have said, being approved by parliament from year to year as the years go by.

I attach great importance to the following statement:

> The requirements of a national capital involve, from time to time, developments of a character beyond the municipal improvements ordinarily required in other cities.

That is why the government is asking today that this House of Commons declare its readiness to support the progress toward completion of certain developments which, once approved by parliament, may in the very nature of things not be possible of completion all at once and which may require appropriations from time to time over a series of years. Already the city of Ottawa, the government of Ontario, the government of Quebec, some of the municipalities adjoining Ottawa, and the federal district commission, have been in communication with each other with respect to certain developments which they all feel to be more or less essential and which they would like to see commenced at once. These are developments that could not be expected from the municipality itself; they are developments that might not be made if Ottawa were not the capital of our country and there were not necessarily regard for the future development of the country as well as of the municipality.

These various authorities wish to have some assurance that if a certain development is undertaken it will be proceeded with, that it will not be started this year by an appropriation by parliament of a certain amount and then dropped in the year following. They are asking that this parliament indicate, first, its belief in following a plan, and, second, its intention to see that essential developments under that plan are presented to parliament from time to time and developed along lines which may continue to receive the approval of parliament.

Perhaps I could not do better at the moment than to anticipate what might be asked with respect to the immediate developments the federal district commission have in mind and that the government is recommending in connection with an item that appears in the supplementary estimates at this time. Before giving that in detail it might help to disclose the importance of the proposed developments were I to say a word about the appearance of this capital as I recall it before some of the major developments in the capital, because of its being the capital, were made at the instance of the government.

We hear a great deal of complaint about traffic congestion and confusion in the centre of the city, between the houses of parliament, the Chateau Laurier and the station, and particularly around the national war memorial. I remember well what the city was like before the changes were made that have since produced such a splendid effect.

When a Liberal administration came into office in the early twenties the space now occupied by the national war memorial and the open spaces immediately adjoining were occupied by a block of buildings, including a hotel; by a second hotel, a post office, a theatre, a city hall and a church—all in that limited space. In the space which the national war memorial now occupies there was a mass of buildings between Elgin street and a point close to the approaches to the Chateau Laurier, and again between Wellington and Sparks streets. There was one side of a hotel on the corner opposite the Langevin block; there were other shops and stores that ran on down Elgin street from Wellington to Sparks street; there was a series of shops and stores along Sparks street; on Wellington street, there were offices and shops and another side of the hotel. Behind that block was the Ottawa post office, which occupied a considerable space. Today it is located on the corner of Elgin and Sparks street.

On the far side of Sparks street opposite this commercial block was the largest hotel in the city, the Russell hotel, with shops and stores adjoining. Behind and adjoining the Russell hotel was a large theatre. Beyond the Russell hotel and the theatre was the city hall and Knox church. Along Elgin street there was a row of dwellings which, had they not been removed, would now be standing on the east side, making that street half the width it is at the present time.

All the improvements I have mentioned have been made within the last fifteen or twenty years, and in accordance with a plan agreed to by the government and the municipality, each sharing in the cost. They have changed entirely the appearance of the city and have given some breathing space in this central part of the capital.

Congestion due to the growth of the city and from other causes is again taking place in this area. Traffic of larger proportions and of a different kind is now being found on the streets in the very heart of the city. Twenty years ago we had not the enormous trucks and vans which are now making use of any thoroughfare they find most convenient. They are making their presence all too greatly felt in this area, an area in which they would scarcely have been able to operate had it not undergone so much in the way of improvement. The commission, the city authorities and others have come to the conclusion that a major development is necessary if this congestion is to be relieved. The traffic of heavier vehicles must be directed away from in front of the parliament buildings and the centre of the city to some other portion.

It is proposed that a bridge should be thrown across the canal south of the station to run from Elgin street to Waller street. It would cross at a point half way between Sparks street, where the monument is situated, and the Laurier avenue bridge. Last year the house approved appropriations which enabled soundings and other investigations to be made respecting the feasibility of constructing a bridge there. The reports are favourable, and the commission is asking, in the appropriation which parliament will be requested to vote later, for money to enable it to proceed with the immediate construction of that bridge. It may take considerable time to complete, but when completed it will have the effect of removing heavy truck and other traffic from this part of the city to another more suitable part.

Another major improvement that is desired is in relation to the location of railroad tracks and freight terminals. I ask hon. members to contemplate what the situation will be like twenty or fifty years hence if the freight terminals which are now located where they are in this capital are allowed to remain without any anticipation of the growth of traffic, on the one hand, and the growth of the city and its needs, to say nothing of the country, on the other. Within a quarter mile of these houses of parliament one can see, from the very windows of this building, freight terminals in the immediate vicinity of the Union station. Going toward government house in the near vicinity of the research council building and Earnscliffe one can see on the other side of the street, facing the Ottawa river, freight terminals which are occupying space which should be reserved for public buildings of first importance to the country.

The commission and the city both feel that some arrangements should be made with the railroad companies to have these freight terminals placed in another part of the city. That will not be accomplished in a day, and it will not be accomplished by any one authority. It can only be brought about by the co-operation of the different interests concerned, but a beginning is necessary if the change is ever to be made. What the government has already done to anticipate that end has been to ask parliament to approve first the expenditure of a certain amount of money for the acquisition of lands in those parts of the city which appear likely, in accordance with the general plan, to provide suitable locations, and to appropriate money for the approaches in order that the terminals may be placed in parts that would be appropriate. In other words, what the commission has had in mind is providing zoning areas, which will have regard to what should be reserved for governmental purposes, for commercial purposes, and for residential purposes, and to enter on this task at once while there is opportunity, to have these needs planned and that without too much in the way of expense.

The commission have asked that they should have the right to take up with the railway companies some of the major changes to which I have referred. I have had conversations with the president and chairman of the Canadian Pacific Railway and with the president of the Canadian National Railways, and these gentlemen have expressed their entire sympathy with the development of the capital of Canada in accordance with a general plan. They would wish however to have considered very carefully any change that would have to be made and the time at which it is to be made. They recognize that some changes will be necessary in the course of time, and they are prepared to co-operate with the commission in seeking to work out a plan which will permit of that development in the most satisfactory way.

I should like to mention one or two other contemplated developments, but that would take up time that cannot be spared at the moment. What I have sought to do today is to make clear to the house the main purpose of the resolution: first, to have it known as the desire of the house that in necessary developments in the capital we should follow a plan; and second, to have the assurance from parliament that when these developments are begun the authorities may have reason to feel that they will be continued in accordance with provision made by parliament from year to year in such amounts as it may deem appropriate. Here let me again make clear that there is no likelihood of a major development taking place which will not be fully under the control of parliament. In the first instance recommendations will be made by the federal district commission in accordance with the advice of their experts and after consultation with the other interests affected. The projects recommended will then have to be approved, first, by order in council of the government so that great care may be taken at that stage, and in the second place by the appropriation of the necessary moneys for these projects by parliament. Lastly, appropriations will be made from year to year, so that parliament may have very full control where federal expenditures are involved.

Another way to have proceeded might have been to ask parliament to vote a large amount of money as was done in the case of the development of Washington, the development of Paris, and other cities, so that the commission, with that guarantee, could have looked forward to a series of developments being effected without interruption over the years. The government felt, however, it would be preferable, while having an assurance from parliament of its intention to have the developments proceeded with continuously, to reserve to parliament the control which it would have from year to year of the necessary outlays for all these developments.

I should like to emphasize to hon. members how the whole position of the capital has altered within very recent years. I remember when I first came into office there was not a foreign mission in this country, nor did we

have a single mission representing Canada in a foreign country. We had no representatives in Canada from any of the other dominions, nor from the United Kingdom. We had one representative of our own in the person of the high commissioner in London, and we had a representative of Canada in Paris, but apart from those two representatives of the government there were no representatives here from the governments of the United Kingdom or the other dominions and none from the heads of foreign states. There were no legations and no embassies. There are now something like twenty-five different missions established right here in this capital. The representatives of various countries require accommodation in the city, and more will be coming.

Further may I point out how the capital has increasingly become the centre for important conventions, of conferences, dominion conferences, commonwealth conferences, international conferences, and the like. We have had one visit to our capital from Their Majesties the King and Queen. I think we may look forward to the day when the king and queen will reside for part of the year in the capital of Canada. I am saying nothing at the moment about such matters as tourist traffic, and the importance to Canada of what has been done by its capital to attract visitors to our country. As all hon. members know, the capital of a country is a centre of attraction, and we must look forward to the development of Ottawa in the light of that larger vision. Moreover, the public buildings and public thoroughfares of a capital should lend inspiration to its position as a centre of the culture of the nation, its arts, letters, science and government. Countries are more or less known by their capitals.

When one speaks of other countries, of France, for instance, one thinks of Paris and how beautifully it is laid out; when we speak of Italy, we think of Rome; when we speak of the United Kingdom, we think of London; when we speak of the United States, we think of Washington; indeed, when we think of Greece and Italy, even as they were in ancient times, we are still able to see how Athens and Rome were planned centuries ago.

I believe, as I think all hon. members of this house believe, that Canada may have a future greater than that of almost any of the countries I have mentioned. The day will come, I believe, when this dominion will hold first place among the nations of the British commonwealth. The United Kingdom will always be its spiritual centre, if you wish to use that expression, but even today this Dominion of Canada is the most fortunate country in the world. It has possibilities of development which no other country begins to possess. The proposal which the government is bringing forward today in the form of a resolution has been framed with a view to helping to meet the needs of Canada's capital in the present. It also, and even more, seeks to anticipate the needs of Canada's capital in the future as we believe that future will shape our country. We desire a capital adequate at all times to the country's needs. We desire, above all else, a capital worthy of the high place that Canada holds in the world today and of the Canada that is yet to be.

Mr. G. RUSSELL BOUCHER (Carleton): Mr. Speaker, I am sure that the members of this house agree with the Prime Minister (Mr. Mackenzie King) in what he has said as to the development of Ottawa as the national capital. I was pleased to hear him emphasize in his closing words that Ottawa, as the capital of Canada, is becoming more and more a mecca for important conventions and conferences and a host of tourists. His suggestion that at some future time royalty itself may spend considerable time in Ottawa will have a bearing on the way in which the Canadian people and members of the House of Commons look on this resolution.

I had hoped that time would have permitted the Prime Minister (Mr. Mackenzie King) to give more details on the development of the capital so far. We know that for approximately fifty years the House of Commons has considered the development of a national capital area. Many attempts, plans and projects have been put before the people of the dominion and of the city in regard to the development of the national capital. As the representative of an area within the city of Ottawa, I think it is proper that I should draw the attention of the house to the fact that Ottawa is faced with a problem in her desire to co-operate with the dominion in forming a national capital worthy of the great nation that we believe Canada will be. She has also had grave difficulties in the development of her own internal management because of her desire to work on a general master plan and co-operate in every way she can in the development of a capital area.

I emphasize the Prime Minister's statement that everything cannot be shown on a master plan; but it is important that the people of this area, and the people of Canada as a whole, should have some assurance that many projects will be proceeded with which are necessary to the economy of Ottawa. Because of Ottawa's beautiful location she has an industrial potentiality which would be an important factor if Ottawa were developed as an industrial city rather than a capital area. Because Ottawa has given up her opportunities of developing as an industrial city in favour of

a federal area, hon. members should appreciate the difficulties which confront the people of Ottawa in planning their future development. Because of that I should like to see this resolution go much further than it does.

The Prime Minister mentioned the development around confederation square which has taken place within the last twenty years. I need not remind hon. members or anybody else of the beauty of Elgin street and confederation square. That is obvious to anybody who visits Ottawa. But also obvious to those who appreciate the beauty of it is the adverse effect it has on traffic. I emphasize the necessity of keeping that point in mind. I was pleased to hear the Prime Minister say that the immediate project he had in mind was the construction of a bridge from Elgin street to Waller street, which will relieve traffic congestion in the bottleneck around confederation square. Hon. members will find that everybody in Ottawa, and everybody having anything to do with Ottawa, realizes that that is one of the most important projects that could be undertaken at the earliest opportunity. To undertake that requires not only federal government assistance in the way of the use of federal property in the development of the national capital, but also the co-operation of the railways, transportation facilities and various services in the city itself. Coupled with that is the cross-town track situation which I am sure every hon. member knows has had a detrimental effect on the development of Ottawa. Therefore these two projects need immediate attention.

A number of reports have been made on future projects for the development of the national capital. All have had a bearing on the development of Ottawa. The Prime Minister mentioned the expropriation of land which is taking place under the aegis of the federal district commission. These reports visualize removing our terminals and establishing manufacturing and commercial areas or industrial areas. The development of Ottawa from the point of view of expansion is in a critical stage because the city has not expanded her boundaries. Municipalities adjacent to the city have become inundated with new developments. That situation also has some bearing on how Ottawa will develop in the future, whether it will be through the borough system, government services, or through some other system.

I think the city will willingly accept a certain degree of leadership from the dominion government in the development of the capital area. The city of Ottawa would appreciate a lead from hon. members and parliament as a whole in the development of the capital area before the city undertakes the immediately urgent problems confronting it within its own economy. The city of Ottawa cannot proceed with the necessary and immediate developments without giving every regard possible to the capital area development and without co-operating with the federal district commission.

I had hoped that in introducing this resolution the Prime Minister would take the House of Commons more into his confidence and give us more details. I was particularly anxious to see him ask for the co-operation of hon. members outside of Ottawa and of the provinces in developing the capital area.

On a previous occasion I recommended that within the federal area certain areas should be set aside for provincial show rooms or show places. I believe that the large acreage which is being set aside or designated as a capital area could very well be used to the advantage of this nation and to the interest of the provinces. Within that area certain areas should be set aside to be developed by the provinces and administered to their own advantage. Each province could use these sites to show its own industries and its own beauty. On that occasion I suggested that the federal district commission driveway should be extended from the city in a northwesterly direction to Fitzroy Harbour, in Ontario, and thence on the Quebec side of the river back to Ottawa. Along this highway certain acreages of land could be set aside for each of the provinces to develop as provincial showrooms, thus making the whole capital area scheme a truly national scheme in which every province would feel it had a little bit of home to develop in the federal area.

I do hope that the Prime Minister and the federal district commission will develop this idea, because one of the greatest detriments to the development of the capital area is the feeling that it is a development purely for the city of Ottawa. That feeling is not in accordance with the facts. While Ottawa will benefit because of her strategic location and because the capital of the country is located within her boundaries, she has something to offer to the federal area which no other place in Canada has. But she has also to develop her own economy commensurate with the wishes of the nation at large. If you go to Montreal, Toronto or any other large Canadian city you will see that the dominion government and the railways have established government buildings, postal terminals, railway centres, union terminals and so on. When you see that you realize the amount of money that has been spent in each of these cities

purely for railway and transportation facilities, for the city itself. Ottawa has had that for some years. But this city, from the standpoint of railways, has much more to consider, because of the presence here of the parliament buildings, than any other city in Canada. I feel therefore that in supporting this resolution hon. members should take the view that in establishing a capital area in this city and its environs they are establishing a little bit of their own home and advertising their own nation in a special way.

I do not quite know what the resolution means when it predicates this scheme upon the co-operation of the municipalities with the dominion. I do not understand why the resolution fails to make any reference to co-operation on the part of the two provinces concerned. I do not see in the resolution anything pointing to the expectation of co-operation from the provinces. I would point out that the federal area extends into the province of Quebec. Each of the provinces of Ontario and Quebec has of course its own legislature, and the respective municipalities are jealous of their own authority. The municipalities themselves feel that they should have some say, some interest, in the development of the capital area to the extent that such development affects their communities. I hope therefore that the omission from the resolution of any reference to co-operation on the part of the provinces is purely an oversight and is not to be taken as implying that the dominion government will proceed without the utmost co-operation from these provinces.

I shall not go into the matter at any great length now. I think it would be better to wait until the estimates are before us. I thought it might be well, however, to mention these few points at this stage in the hope that the Prime Minister, when the estimates are under consideration, will be prepared to give to the house such information as is necessary to a proper understanding of the proposal we have before us.

Mr. M. J. COLDWELL (Rosetown-Biggar): Mr. Speaker, I should like to say just a few words on this subject, both as one who is now living in Ottawa and as one who is interested in Canada's capital apart from the fact of his residence here.

Ottawa is probably one of the most beautiful sites that any capital in the world enjoys. With the background of the river and the Gatineau hills, with the beautiful countryside surrounding the city, it is indeed a fine setting for a capital, and I have often regretted that the plans which have now been formulated and are now before us for discussion—the plans formulated during the prime ministership of my right hon. friend—were not thought of many years ago. The city itself is not well laid out. There is congestion in the narrow streets, and if streetcars are not replaced by a more modern transportation system such as buses or trolley buses, the congestion will continue and the city will be cluttered up with the present antiquated conveyances.

I hope the municipality will realize that it too has an obligation in connection with the beautification of this most attractive city. I may add, however, that before we spend very large sums of money on the beautification of the capital, seeing that it has been neglected for so many years and was not conceived in the manner in which I think it should have been conceived, we should bear in mind the importance of putting first things first.

If I may use the slang expression, we do not want a country or a capital with a Queen Anne front and a Mary Anne back. We should try to avoid any suggestion of that sort in connection with our capital or with the country as a whole. When we are talking about the beautification of Ottawa we should remember that there are certain projects, apart from the beautification of the capital, that ought to be kept clearly in our minds.

I am thinking of a trans-Canada highway that would be a credit to this country and to our people, a highway that would attract visitors to our beautiful countryside. Our roads across Canada are to a large extent disgraceful and impassable, and no province can undertake the building of the kind of trans-Canada highway which is needed. Someone says, come to Saskatchewan and travel on the trans-Canada highway. Yes. I agree that a province which has thirty-eight per cent of the roads in the dominion cannot possibly undertake the building of the kind of trans-Canada highway which is necessary in order to give proper service. Thirty-eight per cent of the roads in Canada are located in Saskatchewan—and I am using this government's statistics, not those of the provincial government.

There is at the present time in western Canada the possibility of a serious crop failure in many parts of the prairies owing to the drought. Again, we have to consider the economy of the country, upon which expenditures for the beautification of the capital must rest.

Mr. ISNOR: May I ask the hon. member a question for information?

Mr. COLDWELL: No. I should prefer to finish my remarks.

Mr. ISNOR: I was going to ask the hon. member—

Mr. COLDWELL: May I finish my remarks?

Mr. ISNOR: —a question in reference to his statement that thirty-eight per cent of the trans-Canada highway—

Mr. COLDWELL: I did not say that. If the hon. gentleman would listen to me he would hear what I am saying. I said thirty-eight per cent of the roads in Canada, not thirty-eight per cent of the trans-Canada highway.

Mr. GARDINER: It was always that way.

Mr. COLDWELL: The Minister of Agriculture is interrupting me. When he left the highways department there were not fifty miles of all-weather roads in that province.

Mr. GARDINER: In view of the fact that I have been mentioned, I will tell my hon. friend—

Mr. COLDWELL: Mr. Speaker—

Mr. GARDINER: —that I have just completed—

Mr. COLDWELL: Mr. Speaker, the hon. gentleman can make his own speech when I am through.

Mr. GARDINER: I rise to a question of privilege. The hon. gentleman has referred to the time that I left the department of highways in Saskatchewan, which is now twenty-one years ago, and he says that there were not more than fifty miles of hard-surfaced roads in Saskatchewan at that time.

Mr. COLDWELL: I did not say that. I went much further than that. I said there were not fifty miles of all-weather road—that is, gravel as well as hard surface.

Mr. GARDINER: Now there are a little over two hundred miles of hard-surfaced road—

Mr. COLDWELL: Just a minute—

Mr. GARDINER: —and it is a long time ago that I left.

Mr. COLDWELL: The hon. gentleman quotes me and then proceeds to talk about hard-surfaced roads. I spoke of all-weather roads. He knows there are thousands of miles of gravel all-weather roads in that province now.

Mr. GARDINER: That is what I was going to deal with. I have just completed driving over three-quarters of the gravel roads in Saskatchewan. I scarcely drove on a single mile that was not built when I left the Saskatchewan government, and the greater part of it was gravelled.

Mr. COLDWELL: I am not going to argue about the roads in Saskatchewan except to say that when the hon. gentleman speaks of roads that were built, that is a very different matter from all-weather roads. I have travelled over the roads in Saskatchewan in the last several weeks.

Mr. SPEAKER: I would ask the hon. member to confine his remarks to the resolution.

Mr. COLDWELL: We have to consider other matters besides the expenditure of millions of dollars in the city of Ottawa. We have to consider the matter of proper roads across this country; and then we have the great problem of housing, about which we should be showing much more concern than we are at the present time. Even in the city of Ottawa, if I may say so, there are some pretty bad spots with respect to housing. There are areas which might be described almost as slum areas—

Mr. BOUCHER: Order.

Mr. COLDWELL: —using the term in the modern sense. My hon. friend says "order". If we are to have a beautiful capital, we must have a healthy capital, and the condition of overcrowding that exists in many parts of this city is a disgrace to the country and to the city of Ottawa.

Mr. BOUCHER: What has that to do with this resolution?

Mr. COLDWELL: It has everything to do with it. We want to put first things first.

An hon. MEMBER: More propaganda.

Mr. COLDWELL: It may be propaganda from my hon. friend's point of view, to help him get elected in the city of Ottawa, for him to get up here and make a fine speech about beautifying this city. I am not indulging in that kind of propaganda.

Mr. BOUCHER: You are desecrating Ottawa by talking about poor housing. You are staying in the gutter.

Mr. COLDWELL: That is exactly where my hon. friend wants many of the people of Ottawa to stay.

I am trying to point out that while I believe we should have a beautiful capital, I am not in favour of spending millions of dollars on any city in Canada and at the same time leaving housing and other condi-

tions in this country as they are today. I believe the city of Ottawa has some obligation itself in this regard. It is a disgrace to the citizens and the city of Ottawa that there is no cultural centre in this city. As far as I know this is the only capital in the world in which there is no appropriate national library, no appropriate national theatre. Why, there is not a single theatre in this city in which first-class drama may be seen and heard. There is no building in this city in which a first-class opera company can put on a performance, or a first-class symphony orchestra may be heard; and it is not the responsibility of the federal government. It is the responsibility of the people who live in Ottawa. For a city to be without these amenities and these cultural facilities after eighty years or more as the capital of this country I say is a disgrace to the people who live here.

Mr. BOUCHER: Do you think they should build a national theatre or a national cultural centre?

Mr. COLDWELL: No, I do not say they should build a national theatre.

Mr. BOUCHER: That is what the hon. member said.

Mr. COLDWELL: I said a theatre. I could name cities with populations no larger than that of Ottawa, in countries with populations no larger than that of Canada, where they have a national theatre, a provincial theatre, and a municipal theatre. We have nothing of the kind in this capital, and until we have these things I do not believe we shall have an appropriate capital.

Mr. FULTON: I thought the hon. member said that houses should be built first.

Mr. COLDWELL: So I did.

Mr. FULTON: Then how can they build a theatre and library?

Mr. COLDWELL: As my hon. friend knows, this has been the capital of the country for eighty years. Under the free-enterprise system many of the people who live here do not have houses; they do not have a theatre or these other things I have mentioned. It is about time these matters were considered as part of the general plan for the beautification of Ottawa and the making of this city a worthy capital of a country which today is in the forefront of the nations of the world.

I place these matters before the house because I think they are things which cannot be laughed off, because they are things which should be said. I know it is unpopular in Ottawa to say them; it may be unpopular to say them in this house. But let us fact the facts; because they are facts. If we all face them perhaps we can arouse public opinion, and opinion among the members of this house, so that we shall not only consider the development of this very beautiful site but remember also that man does not live by bread alone. We may arouse the citizens of Ottawa themselves so that they will try to do something to remove the blot, as I think it is, upon the capital city of this country.

Mr. J. T. RICHARD (Ottawa East): Mr. Speaker, I do not believe anyone could speak on this resolution without first paying tribute to the Prime Minister (Mr. Mackenzie King) for having given so much of his time, energy and ability to the formulation of plans, with the assistance of experts, which will make Ottawa and the area surrounding it a national capital worthy of this country.

I am sure all hon. members will agree that any request for money for the implementation of the plans for a national capital area should be approved. But we should understand also that any criticism offered in this regard is brought forward in order to assist, and to express the honest point of view of members from different parts of the country. I believe we all agree on the general plan for the improvement of the city of Ottawa. I do regret, however, as I have said on other occasions, that members of this house—including myself, and I was born here and have lived in Ottawa all my life—do not know enough about that general plan or the details concerning the improvement of the capital area. I suggest that at the next session we set up a committee of this house, or perhaps a joint committee of this house and the senate, which could be apprised of the specific details the federal district commission has in mind for the improvement of this area. If hon. members knew a little more about these matters I believe it would be much easier to get approval of the necessary expenditures, and in addition those who are formulating the plans would have the benefit of the viewpoint of those coming from other parts of the country, so that this could be made a truly national plan.

Speaking as a citizen of Ottawa, and representing one of its constituencies, while criticism is sometimes levelled at the city itself I must remind hon. members that at times it is not very pleasant for the people of this city to find that they do not know exactly where they are going or what they are to do. In this connection I would mention the matter of expropriation. Perhaps very few hon. members

realize that the federal district commission suddenly files a plan in the registry office under which a certain area, which has been a residential area, at once becomes the property of the crown. A good deal of property has been expropriated in this way, and no doubt more will be expropriated; and the people living in these houses want to know where they are to go. All along the Rideau and Ottawa rivers new houses have been expropriated. The people will not receive their money for perhaps five years. In the meantime they have been told that they may remain for perhaps two years, but that then they must find somewhere else to live. They have no place to go. Under the general plan it is true that certain areas have been set aside as residential areas, but they do not have the necessary services; and the city of Ottawa cannot even furnish services for the municipalities which may be annexed in the near future. Much less are we able to provide the water and other necessary services which will be required if all these people are to be moved within the next few years. That is why I should like some assurance that these people will not be required to leave their present homes until the federal district commission has provided other areas within the city where houses can be built and where they will have the transportation, water, and other essential services they have enjoyed in the past.

I would remind hon. members that the lot of the Ottawa people is not as easy as they imagine. When people have resided for many years in an area which is close to their work and then they are told that within a few years —we do not know when—they must either build a house or rent one from someone else who will build one, the situation becomes very difficult for them. Perhaps that might answer what is said at times, and I have no doubt honestly, by the leader of the C.C.F., that the municipality might be responsible for certain conditions in housing. We do not know where we are going.

I am not blaming the master plan itself; but I do think that if the federal district commission is going to expropriate property all around Ottawa, I am not blaming them for that, because someone might make money improperly if he knew the exact details—it should tell the owners of that property that they will not be moved unless and until the services of transportation, sewage, water and the like have been provided in their area.

There is another matter in connection with expropriation which I should like to mention. I have had considerable difficulty in explaining to people how hard it is to settle the amounts they are to receive for their houses. I must confess I am not at all pleased with the methods being followed by the federal district commission in settling the amounts to be paid to residential owners around this city. I must say it is done in an odd fashion. Those who are hired by the federal district commission to set the prices simply bring these people to their offices and say, "Well, you will get so much; if you do not like it you can go to the courts—and it will take five years." That is not the way to deal with these matters. Surely when people are taken from their homes in order to enlarge a capital city they should be given every benefit and the prices should be such as to compensate them for the building of new houses, for the trouble of being displaced.

I wish to bring this matter to the attention of the Prime Minister. I believe if we are to displace people from the capital city, they should be treated as fairly and as well as possible. I may have some further remarks to make when we are considering the estimates.

I should like to add that in addition to the physical development of the capital city we should think of its cultural and spiritual values. I should like the capital city of Canada to be an example of national unity and of Canadian citizenship. Surely this is the place where one should not find those narrow ideas, those narrow differences between factions. Because people who will come here in the future, after so much money has been spent on this beautiful city, and after so much has been spent in the development of the capital area, whether they come from elsewhere in Canada or from other parts of the world, will expect to find at least within this area a true picture of healthy Canadian citizenship.

Mr. J. H. BLACKMORE (Lethbridge): Mr. Speaker, I hope in the few remarks I shall make I shall be able to remain strictly non-partisan, and that I shall speak on a plane befitting the subject matter of the resolution —the building of a capital for a great nation of the future.

In the first place I believe an unfair reflection has been cast upon the city of Ottawa. True, there are defects in Ottawa as a city. People have not got things quite the way they would like to have them; on that we can agree. None of us has. But, all things being considered, I suggest the people of Ottawa have done admirably well. When one recalls that Ottawa began as Bytown only eighty years ago, and when by looking at some of the relics of those days he acquires some idea of

what Bytown must have been like, he must conclude that the city of Ottawa is worthy of the highest praise.

I should like to congratulate the people of this city upon their superb good sense in planting and retaining beautiful trees throughout the city, so that one who walks through the city may walk through one magnificent park, as it were. The city has not yielded to some of the silly fads which have nowadays become the vogue in some parts, one of which has been to cut down trees. On the contrary the people of this city have kept its trees, wherever they could keep them—trees which anyone must admire, even if in some instances the houses are second or third rate. In making these observations I have been no more than fair to the city of Ottawa.

The Prime Minister (Mr. Mackenzie King) is to be congratulated upon his part in Ottawa's development, and I should like also to congratulate him upon the speech he made today. It was on a high plane, and, I thought, in all respects admirable. I enjoyed listening to it; I thought it was as a speech of that kind should have been. Indeed I felt several times that if the speech is read by our descendants a hundred years from today they will view with pleasure and satisfaction his treatment of the matter in this year 1948.

Canada is not a populous country. When we undertake to appraise what has been achieved in this capital city we must remember that Canada has plenty of drawbacks. She has had them, nationally, ever since she started to keep house. She has not really learned yet how to manage her own house. There is still a tremendous amount of disagreement as to how it should be done. No wonder she does not yet know exactly how to do it. But we are learning, and we shall learn, if it please the Lord, until some of these days we shall run this glorious country the way we want to see it run, and believe it should be run.

Perhaps we can be expected to do a little more, and do it faster, than we have done it up to the present time. Let us not forget, however, that since the turn of the century we have been through two terrible wars. During fifty years of the time this has been the capital city we have experienced wars, depressions, crop failures, and the like. In estimating what has been achieved, these facts must not be forgotten.

It is well to plan our national capital with an eye to the year 2048, as the Prime Minister suggested. It is well to remember, as he stated, that Canada is to continue free and independent as a member of the British empire. There are some who are looking forward eagerly and almost with watering mouths to a time when we shall be gobbled up by the United States. The Prime Minister expressed no such anxiety, no such pessimism.

This nation shall continue great and free. We can be proud and thankful to live in Canada. Canada will become populous, powerful, self-sufficient, wealthy, generous, respected, beloved by all nations, and a great and good neighbour. All these characteristics she has shown during the last fifty years. God blessed us with the natural resources to enable us to do these things, and has placed us in a combination of nations, the British commonwealth and empire, which if we know how to use our opportunities will enable us to accomplish great things, using the resources that God gave us as we desire to use them.

I think all of this was hinted, and appropriately so, in the speech of the Prime Minister. Although he did not indicate it specifically, I think I glimpsed the vision that the British commonwealth is not something that is finished. When he spoke of the little land of England as being the spiritual mother of those people called British, for hundreds, if not thousands of years—he did not mention the years, but I do—I think he was simply expressing justifiable faith in the future of those people, in the future of the combination of people known as the British commonwealth, which has continued as a force for general good and which merits therefore the blessings of Almighty God to the extent that it shall prevail over its enemies and become the blessing to all men in future centuries that it has been during the last two centuries.

All this should be borne in mind when we plan our capital city, the capital which perhaps is to be the national centre of the foremost member of that glorious galaxy of nations, the British empire.

All that is necessary is intelligence and good will in co-operating with men of good will in other parts of the empire. All we need, coupled with the resources, rich and varied, of this and other British countries, is the courage to stand up for the things we believe in, and to insist that other peoples shall not "shoulder us around". Then we shall achieve superb and magnificent realities.

It is well that we bear all these things in mind when we plan for the city of Ottawa. I do not advocate too rapid expenditure. It is wise to look far ahead and to spend only as we feel we can afford to spend. We should spend wisely, building soundly and well, so that people looking back on our works two hundred years from now may be glad that we at this particular time in history were here as members of parliament in Ottawa.

Mr. R. R. KNIGHT (Saskatoon City): Mr. Speaker, I have to follow the eloquence of the hon. member for Lethbridge (Mr. Blackmore), and I am quite diffident about mentioning the subject that I want to bring up at this time, because it throws a discordant touch of colour into the fine picture which has been painted for us by the Prime Minister (Mr. Mackenzie King).

We notice that in the beautification of cities an effort is generally made to let nature have some hand in the business. We attempt to decentralize our cities and the works of man. We first crowd into places and they are developed on the basis of real estate sold at so much per square foot. Later on we sometimes repent our labours, or perhaps our sins, and proceed to change the whole business and let nature come in with some of that healing which she is ever ready to operate to overcome the mistakes of man.

The house may be wondering what I am leading up to. I am referring to certain things that have been done to make this fine city ugly in appearance. Perhaps I shall shock members of this house, particularly those representing Ottawa, when I say that when I close my eyes and think of this city I can see only the great signs that appear here and there in the area contiguous to the city, particularly among the fields and woods where they are so incongruous.

Then when I go out Bank street, I see many of these little juke-box joints. It seems to me that in these days of building material shortages they do not need building materials to put up these places, because they are literally covered with advertisements for various kinds of soft drinks. If they would advertise with quiet colours, or try to follow some natural scheme, perhaps I would not find such great fault; but for some reason commercialism believes in sensationalism, in the use of glaring and horrible colours. I never could understand why a farmer living among the beauties of nature with a fine orchard at his back door and stream at the front would allow someone to cover his barn with signs advertising chewing tobacco or laxatives. Either article may be estimable and necessary for the adult and baby population of the country, but personally I cannot understand why advertising of it in this way is encouraged.

May I say a word to these gentlemen who so advertise their wares? I drive a car but I avoid buying gasoline which is advertised by this particular method. One of the several reasons why I purchase nothing from a certain great commercial firm in Toronto, not unconnected with the business of mail order, is that they persist in making the country ugly, particularly the vicinity of Toronto, with great signs advertising their wares.

Perhaps we can do nothing about this thing in the city, but I think any commission or other body having the responsibility for the general beautification of Ottawa should start a campaign to get rid of these things in its vicinity. Having got rid of them they should proceed to beautify according to their plan. The use of glaring and screaming colours by crude and vulgar commercialism should be done away with.

Tourists come here and they judge us largely by what they see. That is fair enough. There is every justification for so doing. But personally I do not care to be judged by the type of thing that one sees in our valleys and along our wooded areas. Incidentally many people from outside our country come here to get away from that sort of thing—the glaring signs in their own cities and juke-box joints which unfortunately are also becoming a part of our national life. My plea would be for a return to plain and decent things, the things of nature which can be used to beautify our cities.

Mr. JOHN BRACKEN (Leader of the Opposition): Mr. Speaker, the resolution before the house attempts to set out the attitude that this and later parliaments should take with respect to future support of the national capital. This is a resolution which I think should be approached in a non-partisan way. I should hate to think that it would ever be made a partisan issue, because I think every member of this house and every political party wants to do what it is proper the Canadian nation should do for its capital—that much, neither more nor less.

This resolution having to do with the development of the capital of Canada, and having been put in this form in our records, I think we should examine in detail what its passage means and how it will be interpreted later on by the Canadian people and by the city of Ottawa.

I want to commend the Prime Minister (Mr. Mackenzie King) for his interest in this project; but when I say that I want also to say that I would not like to think that any man in Canada has a monopoly of interest in the development of this capital. I think every member desires parliament to do what is appropriate for the development of Ottawa as the national capital.

The resolution consists of a preamble of four clauses, and four clauses in the main

body of the resolution. The first clause of the preamble recites:

That whereas the requirements of a national capital involve, from time to time, developments of a character beyond the municipal improvements ordinarily required in other cities . . .

I think that proposition is obviously one which parliament can accept and approve.

The second clause of the preamble reads:

And whereas the development of a national capital is at least in part a national responsibility . . .

That, too, I think is obvious to every member of the house and to every Canadian.

The third clause reads:

And whereas the capital of Canada is designated by the British North America Act to be Ottawa . . .

Even the most partisan among us can find no objection to that simple statement of fact.

The last clause of the preamble reads:

And whereas the carrying out of planned improvements requires a clear expression of intention to proceed with necessary developments in a manner which will ensure continuity . . .

That clause I think requires a little more critical examination, so that we may understand what it means and so that the Canadian people will understand what we are doing if and when we pass this resolution. It calls for a clear expression of intention to proceed with necessary developments in a manner which will ensure continuity. I suggest that the only intention which this house can express is the intention of the present house. We may express the hope that those who may follow us in this parliament five, ten, fifteen, twenty or a hundred years from now will have the same view; and I am optimistic enough to believe they will have. But in any event nothing we can say in this house today can commit parliament five or ten or twenty or fifty years from now to doing something it does not want to do.

We can only have faith that those who will succeed us in this parliament will approach this problem just as sensibly as we do. Speaking for myself and those associated with me, we are willing now to express our intention to do what is proper in connection with the development of the national capital. From time to time there will be differences of opinion as to just what should be done, and how much should be done, and how much should be spent. But nothing we may say here now will prevent questions of that kind from arising in the future.

The preamble ends with these words:

—to proceed with necessary developments in a manner which will ensure continuity.

We may hope that the passage of this resolution will ensure some continuity, and I fully expect it will, but there may be differences of opinion as to just what the words "will ensure continuity" mean. If we start out on a reasonable plan now, I am sure that it will be accepted in principle by any parliament which may follow us; but with respect to details, or with respect to the generosity of future parliaments as regards certain aspects of any plan we might approve now, we cannot speak for them.

I come now to the main body of the resolution, the first clause of which reads:

That it is desirable that all developments of the capital should be in accordance with an approved plan . . .

Some question was raised about that, and the Prime Minister indicated that he would give further information when his estimates are under consideration. I suggest, Mr. Speaker, that before this resolution is passed we ought to give a little more consideration to just what those words mean. I ask myself: Where is this approved plan, and what is it? We here now may say that we think such-and-such a plan is a good one, and that we approve the appropriation of a certain amount of money for the purpose of carrying it out; but I suggest that we cannot tie ourselves now to some "approved plan", the details of which we do not know. We can approve the principle, and say that the general attitude of parliament ought to be such-and-such towards this project, but I do not think we should be asked to tie ourselves now to some approved plan the details of which we have not seen, and which in any case in the very nature of things must change from time to time.

For example, I pass by Confederation square every morning. At some time in the past somebody thought that was a good plan for Ottawa. I wonder whether everybody thinks so today. I wonder whether that is the final plan for that section of the city of Ottawa. It must be clear that we cannot make any plan now which will be good for all time to come, in a nation which in twenty-five or fifty or a hundred years we hope will be vastly greater than Canada is today, and with a capital which will grow as the nation grows.

The second clause in the main body of the resolution reads:

That a special account in the consolidated revenue fund, to be known as the national capital fund, should be created, to which appropriation may be made annually by parliament over a period of years.

That is simply a matter of bookkeeping which we need not take time to debate. It is a clause we can all accept.

The next clause reads:

That it is desirable that the work necessary to this end be under the supervision of the federal district commission, distinct from its ordinary operations . . .

Some body must be given charge of the administration of this project, and I imagine that the federal district commission is as well fitted for the purpose as any other, if not better. I see no need for any other special body being created for this purpose.

The fourth and last clause of the resolution reads:

That the expenditure of moneys for these purposes should be conditional on the effective co-operation of the city of Ottawa and other municipalities within the national capital district.

The intent of that clause is I think reasonable and desirable, but I question whether it is essential. Are we to be tied up in the development of the national capital because there might be some disputes between the municipalities affected? Surely not. Surely means could be found through which these institutions, these municipalities—which are all interested, as we are, in the wisest plans to follow—could be brought together without tying our hands here as to what we shall do in case there may be dissension between certain of them.

A question has arisen in this debate as to the relative importance of expenditures on a national capital—as to whether we should commit ourselves now to support plans for a national capital, while certain other projects, such as highways, housing, national security measures, and so on, require additional support. Questions such as these are questions which every parliament must face. I would be disappointed if, when this resolution passes, either in its exact form or in some modified form, the Canadian people interpret it to mean that the parliament of Canada is undertaking to enter upon an extravagant plan for the development of this city. I would be disappointed if they take it to mean that we are to take off the city of Ottawa its proper share of the development of the city. I would be disappointed if they take it to mean that we are going to do something here, and leave something else that is more important uncompleted or only partly done.

If this resolution passes I will not put that interpretation on it. If this resolution passes what it will mean is that I, as one member of the parliament of Canada, am saying that in the development of a national capital we should have some idea where we are going. We should lay plans that will prevent waste in the future. We should try to look ahead and lay plans that those who follow us will be proud of; and that we should help—no more and no less than to the extent that in a national capital the nation itself should contribute; that much, and no more.

I would not like to think that anybody in the city of Ottawa wants to draw from the parliament of Canada more than should be given to the city. On the other hand, I would hate to think that the parliament of Canada wants to lean on the people of the municipality in which the national capital happens to be. We must have some faith in one another, and some faith in the future. If I were to express the wishes of the Canadian people as I learn them from one end of Canada to the other, it is that we expect the parliament of Canada to bear its full share of the development of the national capital. The people want to see here a capital of which they will be proud. But they do not want to see us enter upon wildly extravagant plans while there are many other necessary things to do in every part of the country.

I would not support this resolution if extravagant expenditure around this city is what the resolution is to be interpreted as meaning; and the Canadian people would not support it. If we proceed with a cautious plan, one that is not extravagant, one that is carefully thought out, it will appeal to the Canadian people, and they will want to support it. But to the extent that we go beyond that, there will be resistance to appropriations from year to year. I should not like to think that any more is read into this resolution than that the parliament of Canada will be fair to the constituency in which the capital finds itself, and will be fair to its own future in having as its capital a capital of which the Canadian people would be proud.

I have just one practical suggestion to make. The resolution refers to an approved plan. I doubt whether hon. members are familiar with the details of even the plans that are now said to be in existence. I would point out that we are putting on the permanent record a resolution which has to do with the development of Canada's capital now and for the long future, and it is only an hour and a half since it was introduced. I suggest that the passage of this resolution would mean more and would be accepted more generally—not that anybody is going to oppose its passage—if, when the Prime Minister's

estimates come up, we could have a full discussion of the details with respect to the present plans that have been spoken of as the master plan. Let us hope that whatever plan there is, it is in fact a master plan, and that everything that we can see from this vantage point is considered. But I suggest that the resolution would mean much more to Canada if its final passage were left until after the discussion takes place on the details when the Prime Minister's estimates are up for discussion.

Mr. G. J. McILRAITH (Ottawa West): As the member of the Canadian House of Commons for the electoral district in which the parliament buildings are situated, I should like at the very outset to say to hon. members how pleased I am that this resolution is now being dealt with. To me it represents a most important further milestone along the way of developing our national capital, a subject in which I have taken deep interest, not only before I was a member of the House of Commons, but also in the eight years since I was first elected as a member of this house.

I should like to think that the development of the national capital is something of great interest to all Canadian citizens. I should also like to think that as it is developed it will be developed in such a way as to epitomize the legitimate expression of the ambitions of all Canadian citizens.

At the outset perhaps I should say a word about the form of the resolution. I am particularly pleased to notice that it is presented for the consideration of parliament in the form of a resolution rather than as a rigid bill, with a grant of money to be spent over a certain number of years. It seems to me that the present method provides for that important element of control by parliament over the expenditures from year to year. By this method now adopted, parliament can examine into the particular circumstances as they exist from year to year. Parliament can examine the expenditures with relation to other items of public expenditures that may be made or that may be of lesser or more importance as circumstances exist at the time. Perhaps this is an effective answer to the questions raised by the hon. member for Rosetown-Biggar (Mr. Coldwell) when he spoke of certain other matters that require consideration and expenditure of public funds. The present method leaves control in parliament and also provides the opportunity for annual discussion and examination.

One point was made by the hon. member for Carleton (Mr. Boucher) with which I think I ought to deal. With his remarks I was, in the main, quite in accord, but he referred to the development of certain parts by the provinces or for the provinces. I have no quarrel with that idea, except to say that it is the national capital that we are seeking to develop. It is fortunate that it is located on the edge of a great river forming the interprovincial boundary between two large and important provinces, certainly two of the most populous, which have attained a high degree of development. It is the conception of the capital as representing all the people of Canada, the nation's capital, that I would like to see emphasized, rather than something representing each province separately.

In other words, while I am strongly for provincial rights in their own field, I do not think this is the place to bring them forward and to emphasize divisions with respect to them. After all, our great political problem in Canada is the problem of geography. Surely, in the development of the plan for our national capital, we should refrain from over-emphasizing the difficulties of the problem of geography.

One other thing is this. I would be sorry to see a certain area allocated to each province, for the reason that there might develop a situation wherein one province, because of financial difficulties—and provinces occasionally do have financial difficulties—owing to its lack of ability to spend money as generously as other provinces, would have a poorer development. I do not think we should permit that to happen. If we did permit that sort of thing it would tend to emphasize differences between provinces, and it would give rise to a feeling the opposite of pride on the part of this or that province in what it had been able to accomplish. I do not think any of us would want that to happen.

The northern half of this continent is now a great nation, and our development should be such as to bring the position of that nation to the forefront in the world today. We should not do anything that would tend to divide the nation or make it appear as if it were a collection of little Balkan-like states. So far as the other parts of the remarks made by the hon. member for Carleton are concerned, I am in complete accord.

I was disappointed in the attitude taken by the hon. member for Rosetown-Biggar, the leader of the C.C.F. party. I must say frankly I had hoped that over the years we had developed to the point where hon. members in all parts of the house were interested in the national capital as such, and I can only say to the hon. member—I regret he is not in his seat at the moment—that I was disappointed when he sought to treat this as a small matter of partisan advantage one way or the other.

That is not good enough. It is not good enough to raise questions about the difficulties that provinces are having in the matter of road building, comparing the number of miles of road in Saskatchewan with the number in other provinces.

Mr. GILLIS: That was interjected by the Minister of Agriculture.

Mr. McILRAITH: No. He interjected something on that before the Minister of Agriculture interjected. I am sorry that sort of thing should happen.

Mr. GILLIS: He was talking about the trans-Canada highway.

Mr. McILRAITH: I was here, listening intently to the debate, and I heard it all. I was disappointed that the leader of the hon. gentleman's party should have seen fit to go into such side issues as the matter of highway construction. That is another matter altogether, and I certainly do not wish to discuss it now. Surely, in the development of the nation's capital, we can take a position that will preclude this constant attempt to go into by-paths and to raise questions of partisan advantage, claiming that this or that party has been more interested in certain social welfare matters, such as the development of housing in Ottawa. That is not good enough. It is not relevant to this question, so far as the development of housing is concerned, I do not take second place to the hon. gentleman or any of his party in my interest in it. I do not see why that question cannot be discussed in its proper place. I for one am frank to admit that things in the city of Ottawa are not all as they should be. Of course they are not. There are a great many things which I should like to see done to improve conditions for our people; but we can deal with these things each in its proper place, instead of seeking to prejudice a great cause like this in the minds of one segment or another of the population for the purpose of gaining party advantage at the moment. Surely the conception can be a little broader than that, and I hope it will be.

As to the resolution itself, it is also pleasing to me to note that the Prime Minister of Canada has brought it forward. Over the years I have come to know and to appreciate the great part which the Prime Minister has played in advancing this country, as a nation, to the high position which it now holds among the nations. I recognize the great conception he has had for the development of the national capital, and it is for that reason I now express gratitude that circumstances are such that the present Prime Minister has introduced this resolution.

There are two more points I wish to discuss. Reference has been made from time to time to certain constituencies, or to certain municipal corporations. The whole scheme of the development of the capital involves a great many municipal corporations. The constant reference seems to be to Ottawa—Ottawa—Ottawa. I do not know whether it is less or more than half, but a relatively large part of the development is outside Ottawa altogether. I do not know whether more than half of it is outside Ottawa in terms of dollars, but certainly much more than half of it is outside the city in terms of area and of developmental work to be done. It is therefore not simply a matter of one municipality.

Different municipalities have their problems as related to this one. They are acute problems, and it is a mistake to minimize them. But they have come forward with a degree of co-operation that promises well for the future development of the scheme. The question whether this municipality or that should do this thing or that is not something that can be dealt with here on a general resolution. Rather it is a question of deciding with the working staff such details as supplies, services and so on. In that connection, however, I should like to point out one thing. When this scheme was first being talked about, some of the municipalities seemed to feel that their own rights in local municipal matters were being interfered with. That fear has pretty well disappeared since it has come to be realized that it is not a matter of taking away any municipal rights at all. Rather it is a matter of leaving the municipalities all their rights in local matters, but trying to co-ordinate such matters to fit into the great national scheme, so that they will be part of a general pattern, as opposed to individual local questions not related one to the other.

It is perhaps well to realize, Mr. Speaker, that the status Canada has achieved as a nation in the world today has been won by the sacrifices of her soldiers in two world wars. I hope the future development of this capital will be such as to please, in particular, those of our soldiers who have returned, and to express the feelings and ambitions, with respect to their country, of those who served their nation in the armed forces in two world wars.

Mr. BRACKEN: Before the house rises, can the Prime Minister tell us what will be the order of business this afternoon?

Mr. MACKENZIE KING: If this resolution carries before we rise, the first order after three o'clock will be resuming the debate on the motion of the Minister of National Health and Welfare (Mr. Martin) respecting concurrence in the report of the prices committee. After that, I think, there are only the remaining estimates to be considered.

Mr. BRACKEN: Then does the Prime Minister wish to have this motion pass now, rather than to have his estimates dealt with first?

Mr. MACKENZIE KING: I think it might be well to have it passed now.

Mr. J. H. HARRIS (Danforth): I should like to say just one word, if I may be permitted to do so. If it is the wish that this resolution should pass now, I have no objection; but I do want you, Mr. Speaker, and the members of this house and the public to know that the Prime Minister (Mr. Mackenzie King)—to whom I extend congratulations on the work he has done—is not alone in this proposition. All of us, from all parts of Canada, are anxious to be associated with this work. It is not to be a monument only to the Prime Minister and his deputies here in Ottawa.

With that one sentence, Mr. Speaker, if it is the desire to deal with this resolution now, I am ready to vote for it.

Motion agreed to.

At one o'clock the house took recess.

The house resumed at three o'clock.

PRICES

MOTION FOR CONCURRENCE IN REPORT OF SPECIAL COMMITTEE

The house resumed from Saturday, June 26, consideration of the motion of Mr. Martin for concurrence in the report of the special committee on prices, appointed February 10, 1948, and presented to the house on Friday, June 25.

Mr. J. G. DIEFENBAKER (Lake Centre): Mr. Speaker, on Saturday evening at the time of the adjournment I had begun to refer to the various recommendations, and to the circumstances that it was peculiar that the recommendations contained in the report were first brought to the attention of the government members of the committee—some of them, rather—almost one week before they were brought to the attention of the Progressive Conservative members of that committee. I referred among other things to the statement made by the Prime Minister (Mr. Mackenzie King) in his opposition to the committee's making recommendations; to this he took some objection. I referred to the pages in *Hansard,* and I shall now read what the Prime Minister said in that regard. On page 749 of *Hansard* we find this:

> Mr. Lockhart: What about recommendations?
>
> Mr. Mackenzie King: My hon. friend asks about recommendations. I am glad he mentioned that, because that was the next criticism I was going to refer to. May I say that hon. gentlemen opposite have taken exception to the resolution not specifying that the committee should bring in recommendations. May I say that at this stage the obligation was left out deliberately by the government, and for this reason. If it had been added that the committee were to make recommendations we would now be hearing from hon. gentlemen opposite, and they would have been speaking correctly, that the minute you give to a committee of this kind the business of making recommendations, that minute you are certain to start all kinds of political controversy.

I pause here to ask: what difference did it make whether that power was granted at the time the Prime Minister spoke, or later?

> You start issues of policy making. You would start pros and cons between members of the committee as to whether this recommendation should be made or that, and the time of the committee instead of being used for the purpose of getting at the facts would be used for the purpose of trying to bring forward one particular policy or another. I say this, that if the committee, after they have been at work for some time and have the facts before them, feel that they would like to have their powers enlarged and be given the opportunity to bring in recommendations, I for one shall be very happy to further a purpose of the kind.

The recommendations were made, regardless of whether power was granted or not. I again ask the Prime Minister when he speaks, as the press report says he will: why did those recommendations have their origin outside the committee?

I come now to what I was dealing with the other evening. What is the government going to do about these recommendations? It should not wait until next year or next session, but should act in the present session; because the prices situation is accelerating month by month—accelerating at a rate that the Minister of Finance (Mr. Abbott) indicated last November would not be arrived at at any time. I ask the Prime Minister this—for, after all, it is the government which must take the responsibility—why is it that some action has not been taken with respect to prices? Is it because the government of Canada is afraid of what the United States might say about prices in this country? I shall not

quote the exact words in another debate, because to do so is not in accordance with the rules; I refer to what the Minister of Justice (Mr. Ilsley) said on May 26, 1948, as reported at pages 4396 and 4397 of *Hansard,* wherein he indicated that if Canada were to act, it might be taken in the United States as action that would not contribute to international good relationships.

I cannot understand why Canada should allow the determination of what our price levels should be, or what the action taken by the government should be, to be controlled by what another nation might wish or desire. But it does indicate this, that again we have the same old story of the top bureaucracy of this country—I might call it the gilt top bureaucracy—over and over again following a policy made in Washington, and making it applicable to Canada.

Here is what the Minister of Finance said, speaking in New York in January last, when he was questioned as to what the government was going to do about prices:

> It is possible that there might be selective reimposition of price control, but that will depend on what parliament decides and what may happen down here.

Surely parliament should determine in Canada what the needs of Canadians should be, and what should be done in regard to this matter, instead of abdicating in favour of another country the right to determine for Canada what is good for Canadians.

Sometimes I wonder what the government's policy is. On November 17 last the Prime Minister spoke in a radio broadcast, and told of the new world that had arrived. You could just see the trade barriers falling down. You could see 400,000 Canadian cattle marching across the line into the United States. But hardly had he concluded his broadcast when the Minister of Finance went on the air and said, in effect, "Not yet; not yet; not yet!" The Prime Minister with one policy; one of his ministers with another.

In February last the Minister of Finance, apparently believing the difficulties were solved, speaking in the city of Brantford said this:

> It is too early yet to start throwing our hats in the air, but it looks as if the downward price trend this week in the United States might mark the turning point.

Again, Canada depending for a solution of her policies upon what is occurring in the United States. The report continues:

> He said the Canadian price trend would follow that of the United States in any long-term movement because the economies of the two countries were so closely linked.

[Mr. Diefenbaker.]

Over and over again the government expressed the hope for, but did not act to achieve, some measure of increase in production in this country to the end that a reasonable price level would thereby be attained.

What is the government's policy on this subject? If I quoted someone other than a supporter of the government, it might be argued that I was giving prejudiced evidence. I shall refer to a speech made the other day by one who is often spoken of as another heir apparent, Mr. Stuart Garson, Premier of Manitoba. What he said represents the criticism of the leader of the opposition and of this party regarding the prices of agricultural products. He attacked the federal government and the Minister of Trade and Commerce (Mr. Howe) for treating the provincial governments like a "lot of robots." Premier Drew has said that on occasions; Premier Duplessis on occasions; and now the Premier of Manitoba, a supporter of this government, says that the Minister of Trade and Commerce and the federal government have endeavoured to treat the provincial governments like a lot of robots.

I quote from a summary of a report of Mr. Garson's speech and bring it to the attention of the Prime Minister. Mr. Garson emphasized that the farmers could no longer be asked to continue as the only large economic unit whose prices are under government control. He declared that the wheat board as now constituted was another instrument of the government which was acting contrary to the farmer's interest in their policy of closing off the markets of the United States to Canadian farmers and offering farm products to Great Britain at low prices and then requiring the farmer to bear the burden of those lower prices.

The Premier of Manitoba took the same view that this party takes, that there can be no objection to assistance being given to Great Britain, provided that it is given by the people as a whole and not placed as a responsibility upon the farmers of this country.

I should like now to refer to a few of these recommendations. There is a vote of $50,000 in the supplementary estimates to cover the cost of a royal commission on prices. A committee of parliament has sat for four months and has made recommendations that somebody else prepared for them. Why the necessity, why the need for a royal commission, except that the government again wants to postpone action on this matter? These delaying tactics can have but one result; they place parliament in contempt of the people of this country.

Let us act; let us stay here until something is done. The responsibility rests primarily upon the Prime Minister and the government. I say it rests upon the Prime Minister, because in today's issue of the *Financial Post* there is an article by Kenneth Wilson in which it is stated that nothing is being done, that the government is not showing any leadership because of the divergent viewpoints among those who would be heirs apparent. The Prime Minister, having only two or three months, or whatever the length of time may be, to lead the government, is not giving to those who support him in this house the leadership in this matter that he is capable of. Recommendation No. 3 reads:

That the government amend the regulations of the appropriate legislation, if that be found necessary, so that immediate specific action can be taken wherever the evidence discloses flagrant cases of profiteering at the consumer's expense.

Why has not the government acted up to now? It has the wartime prices and trade board. I am not going to refer in detail to the regulations of that board, except to say that sections 3 and 8 give the board absolute power. All that has been done about this challenge of profiteering since the committee was set up is to be found in recommendation No. 3, where it says:

The work of investigation and fact-finding—

I would almost say fault-finding.

—already undertaken by the committee has resulted in twelve prosecutions of those profiteering in butter, with three convictions already registered.

Then it goes on:

In addition, proceedings have been instituted in five cases of profiteering in the fruit and vegetable industry.

Does that look like a serious endeavour to prosecute exploitation? Does that look as if the government or this board wants to act? The report indicates that there is evidence of profiteering in some cases, but it does not name the wrongdoers. I remember that when the Prime Minister spoke in February he said that if there was one thing that would prevent a rise in the cost of living—I am merely generalizing—it was fear of exposure of profiteering interests. Where is there fear of exposure in saying that there were some cases, somewhere, some place, and then leaving it to each of us to look through 3,000 pages of evidence in order to ascertain where they were.

The next recommendation reads:

That the government consider the removal of import restrictions now in effect on certain fruits and vegetables . . .

I ask the Prime Minister: Did the United States department of state make representations to the government of Canada that the embargo on fruits and vegetables should be removed? That is what the United States press says the government of the United States did recently.

Another recommendation reads:

The government should give consideration to the desirability and practicability of restricting price rises by special taxation of unreasonable profits.

Is that going to frighten anybody unless it is acted upon? If that is the solution, does the government intend to introduce measures at this session, or does it intend to wait six or eight months longer, while prices pyramid, before taking any action? It must be remembered that the government cannot say that it has not a solution, because one of the policies laid down at the Liberal convention of 1919 was this: Give us a chance and we will show you how to control high prices. Now prices are higher than they ever were during or after the first world war, at a time when there were no such controls as existed during the last war.

There cannot be any dispute about the recommendation in connection with business accounting, but it is a strange thing that it took three long years to find that out. The next recommendation reads:

That the government give immediate consideration to amending the Companies Act to provide for a more complete disclosure of information about inventory reserves deducted in determining profits.

"Give immediate consideration" does not mean after the convention is over; it means now, in this parliament, before it adjourns.

My friends to my left strongly support this report; they say it is a simple thing to solve the price situation. Keep wages going up, keep farm prices going up, put a ceiling on, and everything is solved. But they did not do it in Saskatchewan, and they had the law on the statute books there.

Mr. MATTHEWS (Kootenay East): They did not do it in Ontario, either.

Mr. DIEFENBAKER: Saskatchewan is the experimental ground where you can try out your policies. It is interesting to note that the act was assented to by the lieutenant governor on April 1, 1947, and it ended on April 1, 1948.

An hon. MEMBER: April fool's day!

Mr. DIEFENBAKER: Yes. They never acted on that law, though they speak with such glibness of what could be done in their own experimental station. With all the power

to control prices at their command under that act, they let that act dissolve itself into nothingness. They are in favour of this report, although the committee report says that it does not believe in price control in general. The report reads:

> The committee does not feel that the interests of Canadian consumers would be safeguarded by a system of over-all price and related controls.

When they support this report, will they support that section, which is the essence of it? How well the recommendations are worded, sir. If you believe in some of these things, you are required to vote for all of them whether you like them or not. You are required to approve the whole report, and thereby allow the government to exculpate itself through a report which says: Well, we have not done it, but if it is done now, all will be well.

I proceed to the next recommendation:

> The committee is of the opinion that the government should consider whether the time has not come to remove the special excise taxes on commodities in common use in Canada.

When? Four months ago when the committee was set up? Four days ago when the committee ceased to exist? Why did not my friends on the other side of the house act when the excise act amendment bill was before the house, and when we on this side of the house asked that that very thing be done, and supported the doing of it?

Mr. KNOWLES: We voted it down in committee.

Mr. DIEFENBAKER: Who are "we"?

Mr. KNOWLES: The committee, including yourself.

Mr. DIEFENBAKER: My hon. friend is pluralizing himself again. We voted it down, he says. They apparently disagreed then as to the necessity of reducing the excise tax. That is typical of the attitude of my friends to my left. On the one hand they say: Support the excise tax, which inevitably finds its way into the cost of living. In the next breath, they condemn the government for not doing something in regard to controls.

Mr. KNOWLES: On a question of privilege—

Mr. DIEFENBAKER: I am making my speech now.

Mr. KNOWLES: My hon. friend misunderstood me. I was referring to the time when this house was in committee of the whole and by a majority voted down the taxes the government was seeking to impose.

[Mr. Diefenbaker.]

Mr. GILLIS: When the hon. member for Lake Centre was absent.

Some hon. MEMBERS: Oh, oh.

Mr. DIEFENBAKER: My hon. friend need not talk about absences. I was not absent.

Mr. GILLIS: When the vote was taken, you were.

An hon. MEMBER: Conveniently absent.

Mr. DIEFENBAKER: That is indicative of the C.C.F. mind, which always ascribes to others that which they do themselves. I was not absent then, and have not been absent when any vote was taken at any time in this house, except when away on business.

Mr. GILLIS: The record speaks for itself.

Mr. DIEFENBAKER: With my hon. friend's interruption I agree.

I referred to the statute passed in Saskatchewan, "An act to confer certain powers upon the lieutenant governor in council", by which the lieutenant governor in council was empowered to make orders and regulations for—

> —controlling and regulating the prices at which goods, wares or merchandise or any class or classes thereof shall be purchased or sold by retail within the province or any part or parts of the province for use in the province;

The C.C.F. placed that act on the statute books of Saskatchewan, and did nothing about it. The record indeed speaks for itself.

I pass to the next recommendation of the prices committee:

> That the government give close consideration to the question of revising the present rent controls with a view to removing the causes of individual cases of hardship.

Why should the government give consideration to that question? It is a power which the wartime prices and trade board already has and exercises through its rental regulations. It is a power which is being exercised regularly, with appearances of landlords and tenants before judges throughout this country. Was that recommendation just so much verbiage, to lead the people to believe that something more was to be done? Are we to wait six months before anything is done? Are you going to act upon it in this parliament, or are you going to act again by order in council?

Then after recommending what should be done, the committee finds another loophole, for section 11 of the report says:

> The committee realizes that in the long run the federal government may be faced with constitutional difficulties in regard to its operations in the field of prices.

You see, Mr. Speaker, how it goes. They take a line, and then deviate a little from it.

They say what should be done immediately. They say that consideration should be given, but add, in effect: Remember that if we do not act, in the long run it will be because we cannot act on account of constitutional difficulties. It is interesting to note that the government are starting to abandon the doctrine of emergency, on which they placed so much reliance. Will the Prime Minister say whether the provinces are being consulted? Will he say whether, if prices can be controlled, it requires the assistance of the provinces? If so, why does not the government bring in a measure such as it did on barley and oats, which required correlative legislation by the provinces to make the federal legislation effective? What has the government done about communicating with the provinces? While Manitoba was not very anxious to co-operate on oats and barley because the premier of the province saw through the sham, I am sure that every province would join and give assistance in solving the problem of the high price level which bears down on all our people.

Here is the next recommendation:

That the government, in considering the removal of existing embargoes on the exportation of food products from Canada, give careful study to the supply situation here, and the proper balance to be maintained between the interests of both producers and consumers.

I do not know whether this has anything to do with the 400,000 head of cattle for which entry is promised under the Geneva agreements, or whether it has reference to some qualified promises which have been made lately that the embargo on cattle is to be lifted. While some government supporters say the embargo is to be lifted, the committee says to the government: Watch out; give it further consideration. That is just another example, sir, of that diversity in a disunited cabinet of which we have seen so much evidence during the last three or four months.

The next recommendation is this:

That the government instruct the dominion bureau of statistics to publish periodically an analysis showing the way in which the consumer's dollar is divided among the various elements which enter into the price of basic commodities.

Another good recommendation. Why has it not been done? If it is done, it will be the best answer to my hon. friends to the left who spend their time preaching about how much of the dollar actually consists of profits to those who place their capital in industry.

The record in the United States clearly indicated in a recent survey that the statements made by my hon. friends of the C.C.F. have no justification there, and I say, according to the evidence placed before the committee, that, excepting those nameless corporations who stand condemned in the report, industry as a whole in this country today is receiving but a fair share of the total consumer dollar. What is our recommendation? First, remove the excise tax. One of the reasons why the standard of living of the people in the lower income brackets is going down is that they are caught in a squeeze between taxation, which is taking 23 cents out of every dollar of the total income in the country, and rising prices, from which no relief to speak of was given this year. Second, the time has come for action, before the present session is concluded, to give relief in the matter of income taxes so that our people may be able to spend the largest possible portion of their income rather than have the government spend it for them.

Mr. SPEAKER: I am sorry to interrupt the hon. member, but he has spoken for more than forty minutes.

Mr. SOLON E. LOW (Peace River): I do not intend to take too much of the time of the house this afternoon, but I do think that I should place on record a few things which are pertinent to this whole question of prices, and particularly place before the house a picture of the situation as it exists in Canada owing to the things governments have been doing.

I believe that the government itself feels that it is now stewing in the hellbroth which it has created for itself as the result of its own policies. Prices are still running wild in this country, in spite of the months of investigation by the committee on prices into the cause of prices rises. As a result of the prices situation a good many Canadians are suffering from lower standards of living. I refer now more particularly to pensioners, and to persons in receipt of small salaries. As I go about amongst people I find a widespread fear of the future, a fear which I believe has been induced by their past experience. A type of clever propaganda has been playing on this fear and trying to make the people move in a certain direction politically.

Altogether too many people in Canada have come to the conclusion that the government flatly refuses to give them the results that they want in the management of their affairs. There is evident on the government benches, to anyone who takes the trouble to listen and to watch, a callousness and indifference to the wishes of the people, and an attitude that can only be interpreted to mean that the government thinks it is not the will of the people

that should be used as the foundation for government policy but rather that it should be what a bevy of experts think is good for the people of Canada. That is obvious to anyone who studies the situation at all carefully. This being true, I ask, where is democracy in this country?

I will guarantee, Mr. Speaker, that ninety per cent of the Canadian people want, and have wanted, lower consumer prices for the things that they have had to buy. The people have been completely justified in their belief that this result, lower consumer prices, could have been achieved, in some degree at least, without destroying incentives or without dictatorship methods of any kind; but the government ignores what the people want. Instead they have substituted the recommendations of a horde of intellectuals who think that they know what is good for the people.

Mr. SINCLAIR: Is that the prices committee?

Mr. LOW: I did not have them in mind especially, but they can be included, yes. One result of this frustration on the part of the people has been to drive thousands of Canadians into the camp of the socialists, in whose propaganda and irresponsible promises they seem to find some hope for the future. The people are not socialists. I do not believe for one second that they are socialists. Furthermore, they do not really want socialism. I have just returned from Saskatchewan, where I was in conversation with a good many hundreds of people. They do not want socialism.

Mr. TOWNLEY-SMITH: They do not seem to want Social Credit, either.

Mr. LOW: Social Credit is on the way up, and my hon. friend will find that in his own constituency he needs to look to his guns, to mend his fences.

Mr. SINCLAIR: There are a lot of dead ducks over there now.

Mr. LOW: That is right. They think that what they are going to get is a milk-and-water type of socialism that just sort of dabbles its toes in; but, Mr. Speaker, once they get their eyes opened they will find that it is not a milk-and-water type that they will get. They think that this promises heaven and earth, and all because they have been led to believe that the thing they should seek first, last and all the time is social security.

It appears to me, too, that there is an ominous note in this whole situation across the country. Thousands of frustrated, freedom-loving Canadians have been persuaded that it is in their interest to surrender some of their freedom in return for this social security. They have been led to believe they cannot have social security without the surrender of some of their freedoms. That is entirely false propaganda. But if those who agree with me that it is false propaganda continue to preach the virtues of private enterprise and at the same time practice the type of government which utterly destroys the possibility of private enterprise delivering the good results which it is capable of delivering, then, Mr. Speaker, it is only common sense to expect the people to turn to socialism or communism with their false hopes of planned economies, their regimentation, their restrictions, and the abnegation of the free agency of the people. People naturally will turn to anything which holds out to them any hope of getting relief from a situation that has rendered them almost hopeless in many areas of the country.

Let us not make the mistake of thinking that the government's policy alone is responsible for high prices. I think the evidence brought out by the committee indicates that there are many businesses in Canada which have disregarded the best interests of the Canadian people, including themselves as businesses or as industries, by taking a profit which is out of all proportion to what they should be taking under the circumstances. This does not apply to all businesses, by any means; let me make that abundantly clear. But it does seem that certain key businessmen —and when I say "key businessmen" I mean those who by their organization and position have been placed in a position where they can control the major portion of any commodity that might be distributed in the country to other outlets—I say it does seem true that certain of these key businessmen must bear some of the responsibility for the unusually high prices that do prevail in Canada, and have prevailed for some time.

We condemn the practices of that type of businessmen, wherever they may be. We think they have brought suffering to a good many people, and we believe they have brought discredit upon the many thousands of decent Canadian businessmen who have tried to play the game all along. Not only that, but they have also served, by their unwarranted actions, to bring discredit upon the system of private enterprise which has given them their own opportunities and their own security in the businesses they carry on. Why these miscreants—I might call them that, Mr. Speaker—have conducted their affairs in such a manner as to play right into the hands of those forces in our land who would destroy the

right of men to choose their own way of life, and decide whether they will go into business or not, is more than I can possibly understand.

I believe it is the duty of the people of this country to hunt out and hold up, so that all can see, those businesses and industries that are showing callous indifference to the welfare of the nation. They are a menace to the nation; they are a menace to our way of life. But, thank God, the great majority of businessmen and industrialists are not taking advantage, and have not taken advantage of opportunities that might have been theirs to exploit the people in prices and profits.

I should like to refer for a moment to something which my colleague the hon. member for Jasper-Edson (Mr. Kuhl) said the other day. Speaking of unwarranted profit taking, he mentioned a case which is referred to on page 47 of the report, to which I should like to refer for a moment. I quote:

> The committee took special notice of the transactions of two Toronto firms involving an importation of California potatoes, which were ordered just before the import restrictions were imposed on September 21, 1947. As a result of this ban on imports, these potatoes represented the only supply of new potatoes in Toronto at that time.
>
> On the four cars the cost was submitted to have been $9,579.69 and the selling price was $16,822.50, leaving a gross profit of $7,242.68. This was a gross profit of 75·6 per cent on cost and 43 per cent on sales.

I do not wish to labour the case. I simply wish to put straight to the house this important admission on the part of the committee. They did take special notice of this case; they admit that the potatoes did come in just before the government's restriction on the importation of potatoes was put on, and they also say that this was the only supply of new potatoes in Toronto at the time. People could not get any more, and therefore there was a rush, as naturally there would be among human beings, to get such potatoes as could be had, and people having money would pay any price to get them. Under the circumstances, it is not a question of condemning people who do that, although I abhor that sort of thing. It was not in their best interests, it was not in the best interests of businessmen generally—

Mr. HARTT: Why not? Why was it not in their best interests?

Mr. LOW: Simply because they must know, as the hon. member for Cartier knows, that anyone who takes advantage of a situation such as that, no matter how it is brought about, no matter who is responsible is bringing discredit on businessmen generally. There has to be some sort of responsibility on the part of businessmen; and, as I have said, there has been, in the main, evidence of that sense of responsibility.

But let us not overlook the fact that the situation itself was created by government policy, as admitted in the report. The report appears to be a grudging type of death-bed repentance. I do not know whether it was dictated to the committee or imposed upon the committee. Some say it was; some say it was prefabricated. I cannot say that, but at any rate it certainly is a grudging type of death-bed repentance and it just does not ring true—that whole report.

The report seems to me to be an innocuous thing, a thing almost of pure expediency, which was designed by the government and perhaps foisted upon the committee to bolster the failing fortunes of a party that has become bankrupt of ideas, and certainly bankrupt in the courage necessary to meet a situation that has become nothing short of a crisis in this country. As a result of that lack of constructive ideas and of courage the people are drifting into a feeling of frustration, in which condition they fall prey to socialists and communists, with all their cunning and all their fanatical energy. The country is seriously endangered thereby. The signs are there, and I challenge the government to warn the people and to take heed themselves before it is too late.

Now a word about taxes and how they affect the whole price situation. I am told that on a number of occasions in the committee, though I was not a member of it, companies coming before the committee to give evidence were asked to make submissions on the taxes they were required to pay to the various governments. I have one such statement supplied by a Canadian company to which I shall refer later.

In the main, one of the greatest reasons for the high cost of living is and has been taxation. That is a matter about which the government can do something. It is a matter about which the government has been warned time and time again, but regarding which it has done nothing. High onerous taxation goes on, and as a result of that high onerous taxation, if anyone will take the trouble to investigate the selling price of a single one of the hundreds of articles in common daily use, he will find that the taxes imposed by the various governments in Canada make up from 80 to 90 per cent of the total price paid by consumers. That seems a very high percentage, but it has been proved to be true on a number of occasions.

It is true with regard, let us say, to gasoline and oils that are used by farmers and industrialists and people generally in the course of production. I am not referring entirely to gasoline and oil used by pleasure travellers. It has been shown by expert investigators that fully 80 per cent of the total consumer price of a gallon of gasoline goes to the various governments in taxes. It can be shown that up to 95 per cent of the total consumer price of a good many articles that Canadians use from day to day, which enter into their overall cost of living, is taken in taxes by the various governments. That makes it obvious that if you are going to do anything worthwhile about the cost of living, the place to start is in the direction of taxation.

Let me refer for a moment to a return which was made to the prices committee on June 21 in relation to this very question of taxation. Here is a letter from Canadian Celanese Company Limited, signed by A. G. Allen, treasurer:

June 21, 1948.

Mr. Fabio Monet, K.C.,
Counsel to the Special Committee on Prices,
House of Commons, Ottawa
Dear Sir,

In reply to the request made by Mr. Kuhl, we are pleased to list below the details of taxes charged against income for the year 1947, totalling $2,794,460.95.

And here is the breakdown:

Dominion of Canada income and excess profits taxes	$2,167,000.00
Dominion sales and excise taxes	89,447.22
Provincial taxes on income and capital	397,078.44
Provincial tax on purchases	41,771.63
Municipal taxes	98,770.11
Miscellaneous	393.55

Of course that represents only taxes paid directly by the company to these various collecting agencies. It does not take into consideration at all the percentage of payments eventually appearing as taxes which the company makes directly to railways and other transportation companies and those giving service in the production and distribution to the consumer of the goods the company produces; a percentage of tax content which often runs to fifty and sixty per cent of the total consumer price of the goods. Every railway carrying this company's goods pays a large amount of taxes to these three taxing authorities, municipal, provincial and dominion, and such taxes are not included at all in this statement. The letter goes on:

As the total sales for 1947 were $17,531,957, we calculate that if we had paid no taxes in this year a reduction in the sales price of our products of 15·9 per cent would have yielded the same net profit which we obtained in 1947.

[Mr. Low.]

That is a pertinent statement, and is the best evidence I could possibly give of the pyramiding effect of taxation such as we have in this country. It seems to me, Mr. Speaker, that the cost of living in Canada could be reduced fully twenty per cent within a period of months through a wise and carefully planned reduction in taxation. That fact ought to be driven home with all the force we can muster; and the people should unite in their demand for an immediate beginning in tax reduction.

In the press I have noticed that considerable emphasis has been placed on the representations made by Ontario Liberals to the Prime Minister to drop the 25 per cent excise tax. More than two months ago the Social Credit League of Ontario sent a letter to every member of this parliament demanding the removal of that excise tax, and further asking for an immediate start in the reduction of taxation of all kinds which tends to push up prices and causes the cost of living to get out of control. Again I point out that the hon. member for Red Deer (Mr. Shaw) moved an amendment to the speech from the throne in which he advocated substantial tax reduction as a means of bringing down living costs. Moreover, on May 21 of this year I presented to the house a social credit budget in contrast to the one brought down by the Minister of Finance. In it I emphasized proposals which would lead to tax reduction as a means of price reduction. In that speech, and in those given in support of my budget, proposals by the hon. member for Lethbridge (Mr. Blackmore) and the hon. member for Acadia (Mr. Quelch), we showed in detail how the reductions could be made without in any way affecting the services given the people of Canada. We did not suggest particularly at that time the introduction of anything that could not be introduced in this country with safety; and we are not now suggesting that the cure-all for the price situation is the introduction of more money. We realize that we must hold the money stream in control until such time as excess production in this country, which otherwise would be wasted, requires a further supply of money. We say the line has to be held, however, and held scientifically until such time as that condition comes about wherein more purchasing power is needed.

One of the great weaknesses of the report brought in by the committee, as I read it, is its failure to divulge just what has been the effect of taxes upon prices. This matter of taxes has been engaging the attention of thinking men everywhere. Men are beginning now to pay much more attention to it than ever before. I have been interested in follow-

ing what has been done by one of the great advocates of an incentive system, supplying incentive by decent management-labour conditions, not only in order to increase the amount of production the people of the country have to enjoy, but also to help bring down prices. I have in my hand a copy of a book called "Lincoln's Incentive System", by James F. Lincoln, president of a great electrical corporation in the United States. In this book the writer outlines the details of a system his company has used, and indicates that he has no labour-management troubles at all. Labour is satisfied; they have never had a strike. Year after year, with the help of his employees Mr. Lincoln and his management have been able to effect new methods and procedures in manufacture that have resulted in lower prices to the consumers. But, as he points out, as these new methods have effected savings in costs that otherwise would be passed on to the consumers, governments have come along and introduced taxation which more than made up for the savings effected by the new procedures and greater efficiency. Prices therefore were not reduced, but rather went up.

I want to read just one or two short extracts to show what Mr. Lincoln thinks about this matter of taxation and how it affects prices. First I refer to page 69:

> It is safe to say that the present tax laws will be changed to encourage efficiency or we shall disappear as a great industrial nation.

That is the warning of a man who knows something about the effect of taxation upon production and prices. Again, at page 71 he says:

> There must be a new approach to this matter of taxation. We must see it in its true relationship. Taxes are the greatest of all reducers of purchasing power. As a matter of fact, at this time taxes are largely the reason for much of the misunderstanding on wages between the industrial worker and his employer. The worker sees his standard of living going down. His only reaction is that his employer is not paying him enough since he cannot live as he did before. He is working as hard but is not enjoying the same kind of living.

Then to conclude this portion, at page 73 Mr. Lincoln says:

> Perhaps the reader may feel that I am labouring this point of taxes and its relationship to the standard of living. I am not. The whole question of jobs, standard of living, industrial and human development, depends on our handling of this problem of the individual's relationship to his government. The answer that the American people give to this problem will determine not only the fate of incentive management but also their own. Serfdom and slavery we feel cannot happen here. However, taxation will accomplish the result as completely here as it has in countless cases in all history.

That ought to be a warning, it seems to me, to thinking people everywhere. If taxation is pushing up costs and is ruining the chances of the people to catch up with rising prices, then it seems to me that we ought to be doing something about it.

I should like to say a word or two in conclusion about incentive. If the cost of living is to be brought down to a reasonable level there must be high production and plenty of competition. Social Crediters believe in these two things, and in their effectiveness in stabilizing any economy. It stands to reason that if we are to have high production and plenty of competition, then there must be incentive to produce. Anything that will kill or destroy incentive has the effect of removing from the use of the people production which could be brought into being.

There are some in our country who advocate that the only way to deal with the present situation is through government ownership of the means of production and distribution. But the thing which always interests me about the claims of these people is that they never tell us what they will use for incentive. That is the dangerous part of the matter. You cannot get people to make an effort unless there is incentive, unless they think there is some personal reason why they should make an effort. And that reason is always associated with themselves and their own individual betterment.

Again I say, I should like to hear, just for once, what these people who advocate government ownership have to offer by way of incentive. We feel that there must be incentive, and one of the best ways to get incentive in production is to make government policies such that a larger percentage of the production of a man's own labour remains in his own hands for his own use or his own distribution. Where do profits stand in this incentive scheme of things? Let me make clear that we as Social Crediters have never made the claim that the sole aim and objective of the production effort should be profits. We recognize, however, that profits have their place in the scheme of incentive production. They do provide an incentive. But any time that we begin to make profits the sole aim and end of production, instead of the satisfactory use and distribution of the goods we produce, we begin to get ourselves into serious trouble.

However, Social Crediters do say that profits are an incentive and that, as such, in any free and responsible enterprise economy, profits must remain. We have no objection whatever to reasonable profits being used as an incentive to all-out production.

Mr. WRIGHT: How do you determine a reasonable profit?

Mr. LOW: The people, if they are in a position of having sufficient purchasing power to buy the goods in existence, will soon indicate what they consider reasonable profit. They will soon tell industry and management what prices they will pay for goods.

Mr. WRIGHT: That is to say, industry is entitled to all that the traffic will bear?

Mr. LOW: No; industry is not entitled to all the traffic will bear, especially when government dabbles in restrictions which throw our economy out of gear. It is entitled to all the people think it should have.

Mr. WRIGHT: That is all the traffic will bear.

Mr. LOW: It is what the people with purchasing power in their hands will tell you.

Mr. WRIGHT: All the traffic will bear.

Mr. LOW: No. The way you interpret "all the traffic will bear" is another thing. The exaggerated and stupid nonsense I have heard this last while about "what the traffic will bear", and the tremendously exaggerated statements which have been made about the terrible depredations of profiteers tends to undermine the confidence of the people in the free way of life.

Mr. WRIGHT: What about the report concerning the optical people?

Mr. LOW: I should like to make one further reference to Mr. Lincoln. I shall quote briefly from page 39 of his book, where he says:

> The attitude of our own government has been largely the regimentation of its people in all matters in which it took action. It has also more recently by taxation, which is steeply punitive to effort and ability, not only removed the incentive to develop but made the penalty so great that no one would dare develop to his limit.

That is an admission that one of the grievous problems we have, not only in the United States but in Canada, is that people who operate business enterprise are afraid to go all-out in their production effort for fear of heavy penalties as a result of government policies of taxation. They are afraid to develop. They are afraid to expand as they should, to give us the goods which Canadian people want.

The committee's report is, in my judgment, most disappointing in that it indicates that the government have not yet begun to realize what is required if we in Canada are to enjoy an all-out productive effort. And certainly because of their failure to realize what is necessary in the way of incentive, then surely they have not begun really to show the extent to which Canadian people can produce if the ball and chain is taken off their feet and the manacles off their hands, so that they can launch out and swim for themselves without fear of penalty.

The most effective way now to meet living costs is to get production. We must have higher production. But that requires incentive; it requires lower taxation and, above all, it seems to me that it requires action. I submit, Mr. Speaker, that the people of this country are demanding action from the government, not deferred promises and excuses.

Mr. RODNEY YOUNG (Vancouver Centre): Mr. Speaker, I am interested, naturally, in the subject which has been under debate in the house these many hours; more interested than I would be probably in any other subject. I am a new member, having been here for only about a week. I have listened to hon. members. I have been awed by their oratory and impressed by their ability in debate.

When I listened to the hon. member for Lake Centre (Mr. Diefenbaker), heard his mellifluous phrases, observed the sounding periods, the delicate motions of his hands, the shaking of his grey and curly head, I found myself believing that the house was not debating prices, but philosophy.

At the present time we, the representatives of the people, are engaged in examining a crucial problem, one which affects the bread and butter of those among our people who are least able to have their standards reduced. I come from a constituency in which the majority of the people, just as the majority of people across Canada, work for wages. When prices rise, if wages do not rise, they are robbed of the fruits of their toil.

At the present time on Vancouver island, a few miles from my constituency, the provincial health authorities have been examining the conditions among six thousand school children. That is in one of the richest agricultural districts in the country. Those school children were found to be suffering from malnutrition.

Our people are not starving to death, but they are suffering from a lack which, in a country such as ours, calls for immediate action on the part of the elected representatives of the people. I have listened to this oratory on the part of my hon. friends to the right, and it seems to me that those hon. members, like the elder Cato, end all their speeches with the same statement, "Carthage

must be destroyed"; with them it is, "The government must be destroyed". Some other hon. members on this side of the house have the same habit. I would say to those hon. members that possibly I feel much as they do. I like the members of the government party individually quite well, but I detest them collectively. At the present time I am not interested in defeating the government or in using prices, the most important thing to the people of Canada, as a club with which to beat the government over the head. I say that if ever there were a time when party should be laid aside and the interests of the people considered to be first and foremost, that time is when there is a discussion on the findings of the committee on prices. I have looked over the recommendations of the committee, and I have tried to see them as people who have never entered this house or who never expect to enter this house will see those recommendations when they are published. Will those people find in this document some hope for the future? Will they find that their wages will not have to be stretched as they have been stretched to the point where they have to do without the things that they have learned to consider necessary, the things needed to maintain health? Will they find that the appetites of growing children which are so much greater than those of adults will not have to be cramped, because government members of parliament at last have decided that they will do something to cure the critical conditions of the wage worker?

I turn to the first recommendation. What does it mean? The people who will read this do not speak the officialese in which this and the succeeding recommendations are written. They do not use what the British call gobbledy-gook; all they use is plain English. They will want to know what this particular recommendation means. It means that this house is asked to say it is in favour of more investigation. That is the first recommendation, or rather the first proposal. Pardon me, Mr. Speaker; these are proposals, not recommendations. The first proposal recommends or proposes more investigation. We are all in favour of more investigations. Investigation is a very fine thing, but it does not bring down the prices of bread and butter, and that is what the people are interested in.

The second proposal is that more funds be provided for the commissioner who is investigating combines. That is also a splendid thing; but when I return to Vancouver Centre, my friends will say to me, "Well, Rod Young, you have been to the House of Commons; what did you fellows down there do about prices?" I shall have to say to them, "We approved or we recommended or we proposed more funds for the commissioner of combines investigation."

Section 3 states that it is difficult to apply formal action against profiteers, but we will consider doing something about it. Section 4 simply contradicts section 3. It states that the scarcities have been exploited by certain handlers and that if they are not punished—presumably section 3 is not going to work—the program of import restrictions, which we know as the Abbott austerity policy, must be relaxed.

Section 5 is a good section, because it suggests taxes on unreasonable profits. As I said at the commencement of my remarks, I am unversed in parliamentary procedure and in officialese. What are unreasonable profits? According to the evidence given before the committee, which I have read, a businessman is in business to make profits. He is in business to buy cheaply and sell dearly. His prices are determined largely by supply and demand. He is never told that a certain profit is unreasonable while another profit is reasonable. There has never been such a definition. Now comes this proposal which is also gobbledy-gook.

Section 6 calls for a better accounting system, so that it will be easier for committees such as this to investigate conditions such as this, but it provides absolutely nothing for the man who must consider how far his wages must be stretched to meet rising prices and a reduction in his standard of living which comes as a consequence.

Section 7 provides another method for making investigations easier. I am hurrying because I do not want to delay the house.

Section 8 states that some controls are bad but that others are not bad. That leaves us exactly where we were before.

Section 9 refers to the government removing the special excise taxes, especially those that affect the housewife's kitchen. We hope; we expect; we recommend; the government may take into consideration, and so forth, but nothing is left after all the verbiage is taken out, except the vague idea that there is a possible effort to deceive the public.

Section 10 says, We are opposed to the removal of rent controls, except some; some rent controls, but not all rent controls. What rent controls? How many rent controls? Where are they to be applied? Hon. members have imagination, as has been shown by the oratory, and they will have to use it when they peruse this item.

Section 11 makes some attempt to pass the buck of price controls in the future to the provinces.

Section 12 refers to a possible meat shortage. It is recommended that the government should

not take off controls on exports of food to other countries. That is very good. We can hope that the present high prices will not be further aggravated by unrestricted exports of commodities now in short supply in the country. But it goes no farther than that. It is another "whereas", "we recommend", "we hope", "the government may possibly consider" phrase.

Section 13 proposes that the bureau of statistics join in the hunt which may be made for the cause of high prices. In other words, every effort is to be made by the government to find out something which everybody else in the country has long since found out, namely that prices are too high. The bureau of statistics, probably the army, the navy, the air force and everything we have will undoubtedly wind up eventually in this crazy hunt to find out why prices are going up, if they are going up, and who is responsible for it.

I am going to be as brief as I can, because I believe that one of the things that should be done when the C.C.F. becomes the government of Canada—

Some hon. MEMBERS: Oh, oh.

Mr. YOUNG: Do I hear some laughter?—is to inscribe across the Speaker's chair that there are few subjects which require more than twenty minutes of conversation on the part of anyone to cover. I think if the orators in this house had such an inscription facing them it would be much better for them and the country would gain greatly thereby.

An hon. MEMBER: The C.C.F. have no orators.

Mr. YOUNG: It is suggested that the C.C.F. have no orators. Let me assure you, Mr. Speaker, and hon. members, that the C.C.F. orators have been speaking to such empty seats as I see around me for twenty, thirty, and forty years and, therefore, as orators they are not unnecessarily verbose. Certainly they cannot be compared with the orators that I see around me on the benches of the other parties.

Mr. SINCLAIR: You have not heard your colleague, the hon. member for Winnipeg North Centre.

Mr. KNOWLES: Are you inviting me to make a speech?

Mr. SINCLAIR: Any place, any time.

Mr. YOUNG: I have promised to be brief, and I conclude on this note. Let me say this to hon. members. For once, take a humanitarian view of the situation and consider the people you represent. I would remind them that, while they may represent people who are in excellent circumstances economically, who receive salaries sufficient to take in the high prices of today, by far the majority of those whom they represent are the fathers and mothers of future Canadians, of the boys and girls who will make this country great and whose standard of living is suffering because of the high prices today. We have our duty to perform, and we should not be content, despite the weather, to go home until we have finished our job.

Mr. H. W. HERRIDGE (Kootenay West): Mr. Speaker, when this debate commenced it was not my intention to speak, for I understood that two or three speakers were to present the views of the various parties and the debate would then conclude; but since it has continued at some length, and in view of some of the remarks which have been made, I have a few words to say.

When the appointment of the committee was being debated early in the session I expressed the opinion that such a committee was unnecessary, because the government had in the wartime prices and trade board and in the Combines Investigation Act all the machinery required to do the work the committee was being asked to do. I still hold that view. But now that the committee has sat, and I know its members have worked hard, although in the first instance it was not supposed to make recommendations, I am pleased to note that some recommendations have been brought before the house by the committee. That is something concrete at least for this house to discuss and to accept or reject.

I am not going to deal with the recommendations in detail. It is sufficient to say that, while they do not bring forward the ideas which many of us in this house have advocated in regard to over-all price control and subsidies, the recommendations, if given effect, will be of some benefit to the Canadian people. The very fact that these recommendations have been brought before the house by the committee is an indication that the government has its ear to the ground and is listening to some extent to the opinions of the Canadian people as expressed through many organizations, and as emphatically expressed during the recent by-elections. That is more than I can say for the Progressive Conservative party, which apparently never has its ear to the ground.

The recommendation concerning the taxation of unreasonable profits is a step in the right direction. The recommendation for

more flexible rental control regulations is also a step in the right direction. While I am a supporter of rental controls, I do think, because of the inflexible nature of rent controls, many home owners are today suffering an injustice. Therefore, while the report is not all I could wish it to be, I intend to support it, because I believe it holds some germ of good which may bring forth fruit satisfactory to the Canadian people if the government takes immediate action—and that is the important point.

I wish to refer to the remark made by the hon. member for Kamloops (Mr. Fulton) that the C.C.F. was not the only party which had the welfare of the Canadian people at heart. He suggested that other parties had the people's welfare just as much at heart. In reply I would say that the C.C.F., in advocating price controls and subsidies, at least recognizes and attempts to reflect in this house the opinions of the Canadian people; for, as indicated by a recent Gallup poll, over seventy-four per cent of the Canadian people expressed a desire for the reimposition of price controls and certain subsidies on essential commodities. All the trade unions in Canada—all of them—have expressed a desire for the same thing. So have the co-operative organizations; so have women's organizations in large numbers. The Canadian Legion also, at its last annual convention, unanimously supported the resolution urging a rolling back of prices to the 1946 level, which would mean a restoration of price control.

Therefore I think the hon. member for Kamloops, in ignoring the wishes of the labour unions in his riding and of the co-operatives in his riding and of the women's organizations in his riding and of the branches of the Canadian Legion in his riding, all of whom have demanded the reimposition of price controls and subsidies on certain essential commodities, is the member who is living in a world of unreality, which I suggest, Mr. Speaker, will be dissolved in the next general election.

I say, too, that the party to which he belongs is living in a world of unreality. At this stage in the development of our social order, when people are looking forward to reforms and doing away with the iniquities of the past I say, and I say it in all kindliness because I believe they are sincere and fair in expressing their views, it is the party to which the hon. member for Kamloops belongs which is living in a world of unreality when it ignores the will of the people expressed so unanimously in favour of price controls and subsidies.

Similarly, when his party will also continue to oppose the imposition of the excess profits tax, will urge higher interest rates in this country, and will defend the interests of the grain exchange as against the interests of the Canadian wheat grower, it lives in a world of unreality. I admit the difficulties in regard to price control in peacetime because of constitutional jurisdictions; but at least this report, with all its deficiencies, has attempted to make an approach to solving the problem, an approach which I think should be acceptable to all democratic interests concerned. It is not a negative report. It is a positive report, having in view the welfare of the Canadian people.

We are living in a changing world. I am one of those who believe that we are living in a world in which either we must have a measure of regulation and planning under capitalism, or we shall have chaos, and I am glad to note that this committee, and the government to the extent that they support the recommendations of the committee, recognize that either we must have some regulation of capitalism and some control of its worst features, or we shall have chaos. The report with all its limitations recognizes to some extent that fact. For the hon. member for Kamloops to talk of loss of freedom should this freely elected parliament act in the interests of the people in this direction is absurd in the extreme.

Mr. FULTON: I never said any such thing. I am sure the hon. member does not want to leave a wrong impression.

Mr. HERRIDGE: I thought the hon. member definitely implied in his speech that the C.C.F. would work toward a loss of freedom.

Mr. FULTON: What I did say was that the policy of over-all control advocated by the C.C.F. would result in a loss of freedom.

Mr. HERRIDGE: Quite correct. That is the very point. I say that a policy of over-all control effected through action by a freely elected parliament will never imperil the freedoms of the Canadian people. I mean to say that regulations which spring from a freely elected parliament of men and women, who have to return to the people for endorsation of their actions, can never result in a loss of freedom. Some measure of control, if given effect, will result from these limited recommendations. These limited recommendations are made in response to the demands of the Canadian people and a large number of organizations in the country. Therefore I repeat again, to consider action such as that as a loss of freedom is definitely absurd. Consequently, Mr. Speaker, I say I will support the committee's recommendations and hope that even this limited approach to the problem will result in some measure of immediate relief for the Canadian people.

Mr. J. M. MACDONNELL (Muskoka-Ontario): Mr. Speaker, like some others here present, I was uncertain whether I should speak on this; but, as the Irishman said to two people who were fighting, "Is this a private fight or can anyone join in?" It seems to me that this has gone to the stage where one can feel free to join, and I should like to say a word or two. I see that my hon. friend, the Minister of National Health and Welfare (Mr. Martin) is looking at me with a pained expression.

Mr. MARTIN: No; joyful.

Mr. MACDONNELL (Muskoka-Ontario): I will assure him that I shall be as reasonably brief as the circumstances warrant. First of all, I should like to say a word or two about the rather odd occurrence of last week which I do not think contributed to the dignity of this house or to the dignity of some of the people in it. A week ago tonight, I think it was, we had this press report, this government by press release, if one may call it that. It prompted me to ask the Minister of Finance (Mr. Abbott) a question, and it prompted him the following day to make this answer, which I think he must have given with some pain. He said as reported at page 5627 of *Hansard*:

> It is most unusual for a minister of finance or any other minister either to confirm or to deny rumours of this kind. But in view of the widespread publicity which has been given to this rumour and the statement of my hon. friend I have no alternative but to say that the rumour is without foundation.

That was a nice position to put the Minister of Finance in, was it not? He had to say in this house last Tuesday that this rumour, which we now find out is perfectly true down to the last "i" and the crossing of the "t", was without foundation. That seems to me one of the extraneous and quite unnecessary circumstances which result from this way of doing business.

I also want to associate myself fully with what was said by the hon. member for Lake Centre (Mr. Diefenbaker), who said to the government that if things are to be done before the next parliament assembles the time to do them is now, and not after parliament prorogues. We in this part of the house still believe in the old-fashioned idea that parliament is the proper place in which to do the business of the country, not after parliament has prorogued when the government can do as it likes.

We remember the radio legislation of last November. It was said that it was not legislation. We were told that there was no tax. The only thing that happened was that they withheld your goods so that you could not get them until you paid the tax which was not a tax. One fears inevitably that if people find it easy to put on a tax without parliament, they will find it even easier to take off the tax and do all the other things; because, after all, putting on a tax is the most serious thing that governments do. The government having done it by radio, we hardly know where they may stop. Therefore we are naturally suspicious of this report, which is not a report of the committee at all, but is a kind of indirect way of announcing government policy.

I suggest also that the way in which this has been done will really make serious people wonder whether it is worthwhile sitting on committees again at all if they are to be treated in this manner. I suggest for a comparison the labour committee which met two years ago. Let us remember that this prices committee has met scores of times. People have done enormous amounts of work. The labour committee met two years ago. As I recall it, that committee was allowed to work out its own recommendation. I would also refer to the banking and commerce committee, of which I am a member. True, the matters that came before that committee are largely uncontroversial; but we did meet; we did discuss things; we did have chances to express views, and our views carried weight.

I wonder also whether the Minister of Finance, when he saw this press report, remembered what he had said in this house on May 18 last. I quote his words, which appear at page 4056 of *Hansard*:

> Neither this government nor this parliament has either the political mandate or the constitutional power to maintain indefinitely in peacetime a strait-jacket of controls over prices, production and distribution. Our whole economy has been organized to operate on a price basis by private incentives and private initiatives, not by centralized direction.

I wonder also whether he might have remembered what the present Minister of Justice (Mr. Ilsley), then Minister of Finance, said in this house in April, 1946. I quote his words:

> It is utterly impossible to maintain indefinitely real price controls. To begin with, we have got to get out of this field constitutionally some time. We have not the power to stay in this field indefinitely, and there must be a certain measure of decontrol.

I want to say that, as to the tenor of the report, the hon. member for Winnipeg South Centre (Mr. Maybank) spoke at considerable length. The first twenty-five or thirty minutes of that time consisted in an attempt to arraign the actions of the hon. member for Eglinton (Mr. Fleming), who is well capable of looking after himself, and the last few minutes consisted of some general remarks about the

report. It seemed to me a kind of apology. He seemed to be saying that the report was a little dab of this and a little dab of that and did not really amount to anything. It reminded me of the story of the lady who had an unauthorized baby and said, "It was just a tiny little one." It seemed to me that he was doing nothing—

Mr. MARTIN: But it was a baby.

Mr. MACDONNELL (Muskoka-Ontario): He seemed to be doing nothing except saying, "We would have a little control here and a little control there, a little subsidy here and a little subsidy there. I thought I detected the fine hand of the Prime Minister (Mr. Mackenzie King) there. I remembered the advice that he gave some little time ago to my leader when he said, at page 3939 of *Hansard*:

> I give my hon. friend a word of counsel. It is always wise to try to anticipate all possibilities before they arise.

I would have thought that this report was in the Prime Minister's best style, ear to the ground, ready to move any way, making the best of all worlds, facing both ways, the little brother of the rich and the big brother of the poor. If there is one thing that the Prime Minister has succeeded in doing it is to create the impression somehow or another that he has been championing the poor against the rich. How he has done it I do not know. It is one of the things for which we all give him credit, at any rate for his dexterity.

But, now, in spite of these ambiguities, do not let us be uncertain about what happened. This is a move on the part of the government, or, at any rate, an attempt to create the appearance of a great move to the left. They have climbed into bed with the C.C.F. I do not know what kind of marriage it is, a marriage of convenience or perhaps even a companionate marriage. What will come of this unholy alliance I do not know; but it is interesting, at any rate, to consider its progress to date. It appears that at the witching hour, between midnight and one o'clock on Friday morning, the C.C.F. accepted the proposal. They signed up the marriage contract, but by Saturday apparently the bonds of wedlock were chafing. It might almost appear to be A. P. Herbert's "deadlock", because on Saturday we find that the C.C.F. were backing away from this; and what they will eventually do I do not know, whether they will say that half a loaf is better than no bread, but at any rate the marriage does not seem to be progressing very happily so far. I imagine we can take it that, on balance, the C.C.F. will take what is given on account.

I want to take a very few minutes on this question of prices. It is so easy to allow our hearts to run away with our heads, and to refuse to think about this at all. It is easy to say that a lot of people want it and that, therefore, we must have it. I know a lot of people want it; but the question is whether the people who have been closest to it, tried to study it and know the most about it, think it will work. We would all like it. I would love to think we could have price control, and get everything down to the price where I could buy it and it would not do any harm. Of course I would like it, and I suggest that a great many of the seventy-four per cent, or whatever the figure was, of the people were really saying, "We want the prices down". Of course they want them down.

I want to look in a detached way if I can at the causes of high prices. There is no mystery about it. Some of them are the faults of the government and some are not. I shall try not to pretend that I think the government is at fault where I do not believe it is.

First of all, there are the gifts to Britain, which every man in this house approved. We gave hundreds of millions away because we thought our honour and interest demanded it, but we gave this money away and got nothing in return. That meant less goods for us, and in the meantime purchasing power was created. That is a cause.

Then, of course, the second cause is the enormous increase in the money supply, which has multiplied three times since 1939. Vast amounts of it went into goods that were destroyed during the war. We have three times as much money and nothing like three times as much goods. I will not take time to give the figures, but we have vastly less than three times as much goods and, I suspect, less than twice as much. And do not forget that the money is being freely spent.

Then we have the inflationary policy of the government, of which I have spoken in the house. I do not propose to take any more time in discussing that now. I wish, however, to mention particularly a matter that I have brought up before, and that is the colossal mistake made in the exaggerated, accelerated and, indeed, almost fantastic depreciation policy which was followed by the government, whereby in the last several years we have increased our productive capacity at a rate seven times as fast as they have been doing in the United States.

I come to another thing which is tremendously important and which I think we are

inclined to overlook, and that is the desire for leisure. We all want leisure. I find to my amazement that city offices are closed on Saturday to a considerable extent. More and more leisure may be a good thing, though it would not do for me, because I am afraid I should get into mischief, as I have no doubt that some of my friends would, with too much leisure. Nevertheless we seem to have gone all-out for leisure. I am not saying whether it is a good thing or a bad thing; but it costs money; and if we want as much money or more, as we do, for doing much less work than before, then, as I say, it costs money and raises prices. The only people who have not so far been affected by that are the farmers, and in that connection I would say that we in the cities have been getting from the farmers, for a long time, too much for too little. We have been getting too much for too little for too long.

The farmers have not been getting proper prices and, now that their prices are more in line, we think it is an outrage. I believe this is a matter of tremendous importance. I have for long felt that if the farmers suddenly decided some fine day not to work any harder than we in the cities work, we would all starve. In this connection I have an interesting letter and I believe it will appeal to hon. members generally, regardless of party. It is from an intelligent farmer—

Mr. BRYCE: They all are.

Mr. MACDONNELL (Muskoka-Ontario): I would go a long way with my hon. friend in that observation. One of the reasons the farmers work and do not hold back is the fact that they are working for themselves. They are capitalists. I have here a pamphlet called "The Scene", written by a man named Atkins, an intelligent man, because he is in my constituency and I have an idea that he will vote for me, though I believe he is a Liberal with a small "l", a tiny, microscopic "l". I should like to read a part of what he says; I suggest that it goes to the very root of the whole matter, and all hon. members, particularly those representing farmers, might well listen. I quote:

> There will be no milk, no eggs, no pork, no grain, no vegetables, no mutton or lamb, and only half as much beef as formerly, for sale from Shingwauk farm in the 1948-49 crop year; but Shingwauk farm will be on the 40-hour week. Although there will be no profit, there will be less loss; and we are now privileged to glow with that false sense of social virtue which possesses those who reduce their hours of work.

Further on, he says, and I suggest that this is a matter for all of us to think about carefully:

> All the groups which banded together to get more for less—

That is what we have all done; do not let us forget that. All we city people are getting as much or probably more for less. We are getting as much money as we got before for less work. But to continue the quotation:

> All the groups which banded together to get more for less have placed an unbearable burden of long hours and unprofitable work upon most of the farm people. The load placed upon Canadian farmers, whose average age is far above their physical prime, cannot long continue to be borne by the present producers of the food that Canada needs for domestic consumption and for exchange for the products of Canada's food customers. Before long the problems of food supply will be the most important political issues domestically and internationally.

I believe everyone within the sound of my voice will agree with that.

Mr. IRVINE: Will the hon. member say whether there is any way he knows of by which profits can be made unless somebody gets more for less?

Mr. MACDONNELL (Muskoka-Ontario): Yes. I would answer that by saying that under a free system you do not get more for less but you get more when you produce more, and a great deal more. I do not think profits mean getting more for less; they mean getting more for more of what is produced.

An hon. MEMBER: What did Canada Packers get?

Mr. MACDONNELL (Muskoka-Ontario): I am not offering any comments on leisure, whether it is good or bad, but I am repeating that it costs money and this finds its way into the cost of living. We need not pretend that it does not. I have outlined the farmers' position and, I repeat, they have been getting too little for too long.

The next reason I should like to mention is taxation, and reference has already been made to that. I will not do more than refer to it casually. We all know the enormous amounts of taxation that we pay, and the hon. member for Peace River (Mr. Low) spoke very well on that point this afternoon.

There is another thing I would mention. It is rather delicate to mention it, but I will do so just the same. We do not work as hard as we used to, even when we do work. That, I believe, is true of a great many people. From the huge amounts of money created during the war we have got the idea that money and value do not depend directly upon work, that you can escape work and still get money in some way. That this feeling prevails is true, I believe, and I am not going to discriminate as between this one and the other. It is not confined to any section of the community. A

young man goes into an office, a vigorous young man, and he hears, "Don't work too hard".

The next point I would touch upon is profiteering. I expect there is profiteering, though not nearly as much as some people believe; that is, people who are too fond of witch hunting. I believe that if the most extravagant critic of the capitalistic system in this house, provided that he were a reasonable man—and there are such men in this house—were to total up all the profits he considered excessive and to divide them over the cost of living he would find that it was but a fleabite, something infinitesimal. I believe that with all my heart.

Then, of course, there is the thing that has been mentioned here, reduction of supply, particularly of food, because of controls. I do not need to tell the farmers about that. They know all about it.

I am not suggesting that this can all be put upon the government. Quite a lot of it can, and the government should act. My hon. friend the member for Eglinton has pointed out how they should act. But a great deal of it does not depend upon them; it depends upon ourselves.

Let me reiterate for a moment what in my opinion the government can do. It can do, months late, what we on this side of the house—I believe, all on this side of the house—told them last December and January that they should do, when we pointed out to them that they ought not have put on these taxes. In their hearts they did not like them, but they got involved and they just put on the taxes. Then the hon. member for Eglinton pointed out again what we said at the time of the budget, that some relief should be given to people in the low-income group.

But I do not want to leave it there entirely; I want to come back to remedies which are in our own hands, because I do not think we want to leave it all to the government. We can do a great deal ourselves with a measure of self-discipline. Consumers can do a great deal by themselves. I do not want to be personal, but in my own family we do not buy nearly as much high-priced meat as we used to. Some hon. members may say I am not a very good advertisement for the result; but, believe it or not, I have put on a pound or two.

There is another thing we people in the cities can do; I do not apply this to farm people at all. We can work harder; and if we work harder we shall have more goods and prices will come down. There is no mystery about prices.

But these remedies I have given, which we may apply ourselves, are awfully unattractive. No one wants to believe that a thing is his own fault, or that there is anything he can do about it. He wants to have some outside mechanism come in and do it all for him; and that is why controls are so popular. People think it can be all done by controls; and my hon. friend to the left, who spoke so well, pleaded that we should take a humanitarian view. I do not think it is taking a humanitarian view to refuse to think, or to suggest to people remedies you know will never work. I believe that is a cruel thing. I think it is cruel to suggest to the people remedies which will turn out to be no remedies at all.

Controls are terribly attractive. In the first place, they relieve us from doing anything ourselves. In the second place, and this is important, they make us feel that we are going to punish somebody. We feel that someone else is being naughty, and we are going to punish him. That is why people stumble into this sort of thing. Have they ever had this view from anyone who has had experience in controls and their exercise? I shall, however, come to that later.

Of course we are all tired to death of hearing the record of controls during the war. On the whole it is a good record, though we must remember that part of it was quite illusory, because the low prices were supported by subsidies amounting to hundreds of millions of dollars. So we were paying out of one pocket what we saved for the other. Nevertheless I must admit that, in wartime, controls worked pretty well, and the government did a pretty good job. But can anyone point to any democratic country where, except under war emergency or its equivalent, that "comprehensive system of controls" advocated the other day by the hon. member for Cariboo (Mr. Irvine) has ever worked in peacetime? In England they have an emergency now far greater than in wartime; but even there the controls are creaking and crumbling; and the desperate difficulty they are in, in my opinion and in the opinion of the people much wiser than I, is at least partly due to the unwise application of controls. The newspaper I often quote, *The Economist,* is very wise, I think, in not putting all the blame on labour. If I remember rightly, the other day it said one of the difficulties in England was that capital and labour are both doing themselves pretty well, by which it meant that neither was stretching itself as much as it might.

My next point is this. I can understand people asking for controls; but I cannot understand people asking for controls and at

the same time saying they will not have wage controls. To me that just does not click; it does not make sense. I do not understand how any reasonable man can say that; yet it is my understanding that this is just what many people who are advocating controls do say.

Now we come along to this wonderful phrase, "rolling back prices," which has a kind of biblical sound, like rolling back the scroll of the heavens, like Joshua making the sun stand still, though it was only for an hour. We have the demand to roll back prices. It sounds grand. "Roll the old chariot along"; I think there is an old song to that effect. Let us have a look at this rolling back of prices. Let us hear the word of a man who knows something about it, a man who had the job and did it well, Mr. K. W. Taylor. At page 87 of the proceedings of the prices committee he was asked, "How about rolling back butter prices to the level of 1946? In your opinion what would be the result?" And his reply was: "Complete chaos." Those were the words of Mr. Taylor, who was head of the prices board and who now is one of the assistant deputy ministers of finance. So there is the opinion of a man who has been working on this very thing. He has seen both sides. He is a sensible man. He knows more about it than any of the rest of us, and that is what he says. I think it is reasonable to ask the opinion of men of that kind.

I go further and say I do not think it is possible to adduce evidence of a single country which has had experience in the administration of these controls to show that we should have a comprehensive system of controls reimposed, which is what is being asked. I repeat that they have never worked in a democratic country in peacetime. It is a matter of common knowledge that when they were taken off officially in the United States, actually they were off already. The thing had become a joke; people just would not accept it, and partly at any rate they took off controls because they were practically off already. For us to suggest now that we are going to retrace our steps and impose over-all controls is just not reasonable. "Hypocrisy" is a nasty word and I shall not use it, but I just say that is a bit of the most utter unrealism I could possibly think of.

But do not take my view; do not even take the view of anyone who shares my opinions. Let us come to a witness who, I think, will be accepted by hon. gentlemen to the left. This instance has been mentioned already by the hon. member for Lake Centre; therefore I can pass over it quickly. Let us come to the government of Saskatchewan and the instance we were given this afternoon of the fact that they had an act to enable them to control prices, which act they did not use. It was on the statute books for a year. That is where it should be; because after all, it is a purely provincial matter; but the act was allowed to lapse. Why did they not use it out there? The reason is simple. That is a province of farmers, people who are interested in getting good prices for their food products. But it was food prices that caused much of the trouble in Vancouver Centre, in Oshawa and elsewhere. So there you have a case of making the best of both worlds. We had the C.C.F. profiting—and I am not going to be too critical of them—from stressing inflated food prices in the industrial constituencies, and at the same time refraining from price control in Saskatchewan itself, for the obvious reason I have given. So I say it is a travesty to have a political party demanding in Ottawa, where they have no power, what they will not do in Saskatchewan, where they have the power.

I say that controls are not the answer, that controls will make confusion worse confounded. If I believed controls would do the job I would try to bring myself to accept them, even believing as I do that they would grievously hamper our freedom. But I am saved that, because I am perfectly satisfied that they will not work.

What is the answer, then? Well, I have really covered most of the things I wanted to say. The answer is to remove these absurd austerity taxes which never should have been imposed; which, as we have been reminded, we actually defeated in committee at one stage, though the defeat did not stick. Halt the various inflationary measures. These are the things government can do; but, as I said before, I am not going to put it all on the government, though there is a great deal the government should do now, without waiting for it to be done as a Christmas present after the convention in August, which I am very much afraid will be the case.

On the other hand, there should be harder work and more self-discipline on the part of people individually. If it would not sound like introducing sentiment at the end of a speech which certainly has not had much sentiment in it, I would say this. There was running through my mind this morning a jingle I remember seeing once in the army, where, as a matter of fact, many of us learned to work together in a way we have sometimes forgotten since. I am not sure that the idea expressed in this jingle has not a great deal

to do with it. I thought it was by Kipling, but today I find it is not. I want to close with these words, because they indicate the kind of co-operation and working together which is necessary, along with all the things the government can do, instead of these precious controls which will not work:

It ain't the individual, nor the army as a whole;
But the everlastin' teamwork of every bloomin' soul.

I suggest that is what we want, rather than witch hunts, together with the measures the government can take.

Mr. IRVINE: Before the hon. gentleman takes his seat, I should like to ask him one question. I asked a minute ago if there was any possibility of making profit unless one got more for less. The hon. member replied that he believed profit could be made by making more for more. I do not wish to interrupt him in his remarks, because I have no desire to put him off his train of thought; but I ask him this question now: If more for less does not balance, and if more for more balances, how can you make a profit?

Mr. MACDONNELL (Muskoka-Ontario): The hon. member for Vancouver Centre spoke about abstruse calculations and abstruse statements. I am not sure I quite followed the way in which the hon. member for Cariboo has asked his question. However I shall try to answer it. I think it is perfectly clear; but in the first place I have to go back and say this, that I think the hon. member for Cariboo has a feeling that profit, in itself, is a bad thing. I would recommend to him a little book written by Mr. A. D. Lindsay, a man far to the left in politics, called "Christianity and Economics" in which he points out that the idea, that profit somehow is immoral, is bunk. He asks this: Why should a man be criticized for seeking an uncertain profit, when at the same time the man is not criticized who seeks quite properly to increase his certain wages? He asks why one man should be criticized and the other applauded.

I now come back to the question. My point is this, that to have anything approaching a free system the person who makes money does so only because he manufactures the goods that the public wishes to buy at prices which they can pay; and that he can make a profit only if he has a large operation; because the hon. member, having been in the prices committee will know much better than I do the very large and inescapable overhead which permits anyone to operate a business. That is what I mean by saying that he can only get more for more, and not more for less.

Mr. F. S. ZAPLITNY (Dauphin): Mr. Speaker, this will probably be the last opportunity we shall have this session to speak of this all-important question of prices. I wish to take a few minutes to try to trace clearly what happened in the house, so far as prices are concerned, and the legislation dealing with prices in the past few sessions.

In order not to go through the welter of words we have heard recently, particularly from hon. members to my right, including the hon. member who has just spoken—

Mr. MACDONNELL (Muskoka-Ontario): Those are harsh words.

Mr. ZAPLITNY: —I wish to refer, first of all, to the two hon. members who mentioned Saskatchewan, and who seemed to try to make quite a bit of the fact that in that province there was certain legislation passed, authorizing the government to impose certain controls, but which legislation was not used.

I believe they will understand, if they will think for one moment, that in a country like ours, or indeed in any country, it is not possible for one province in the whole economy to control prices within that province. I need hardly explain to hon. members that there are no customs duties from province to province, and no boundary lines so far as trade is concerned. Trade freely crosses provincial boundaries. You cannot control the prices of one province in the country. The hon. member knows that as well as I do.

I wish to refer to page 689 of *Votes and Proceedings*, for Friday, June 25, in which the committee says:

> The committee is therefore forced to the conclusion that the solution of the problem of the adequate protection of the Canadian consumer will require the co-operation of the provincial governments with the federal government by taking the measures required in meeting their responsibilities.

What does that mean? It means that if any doubt arises as to whether the federal government alone has the constitutional power to continue to impose price controls—

Mr. LESAGE: The hon. member says he does not understand the clause. May I ask him if he ever read the Canadian constitution?

Mr. ZAPLITNY: What clause?

Mr. LESAGE: The clause he mentions. He says he does not understand one of the resolutions about the rights of the provinces.

Mr. ZAPLITNY: I did not say that at all.

Mr. LESAGE: Did he ever read the constitution?

Mr. ZAPLITNY: I have read the constitution. The hon. member was not listening to what I said. I have quoted the recommendation of the committee. If the hon. member will refer to page 687 of the committee's report he will find in paragraph 11 the part I have read, and that it is exactly what I quoted.

Let me continue to say that the reason for that recommendation is that if doubt should arise as to whether the federal government has the power constitutionally to impose or to continue price controls by itself, it is asking the co-operation of the various provincial governments in carrying out that objective.

The province of Saskatchewan, being aware of that situation, showed its willingness to co-operate by placing on its statute books enabling legislation making it possible for that province to co-operate with the federal government, if the government were to continue its policy of price controls. That legislation remained there for a year, as the hon. member has said, giving other provincial governments the opportunity to pass similar legislation to show their willingness to co-operate with the federal government in carrying out the further system of price control, should the constitutional issue be raised.

But what did the other provinces do? In spite of the cynicism expressed by some hon. members to my right about Saskatchewan, why did they not tell us what the other provinces did? Did Ontario pass similar legislation? Did Quebec pass similar legislation? Did any other province pass it? I should like to tell the house what Premier Garson had to say on January 24, when he spoke to the Liberal association in Winnipeg. His contribution to this end was in these words:

> In a free country, to impose wartime controls tage of the special conditions existing, made unprecedented profits.

You can take whatever meaning you wish out of that. That was his total contribution to the question of price controls.

I wish to turn now to the remarks of the hon. member for Muskoka-Ontario (Mr. Macdonnell) in connection with farming. I am glad to hear that he has had some kind things to say about the farmers. As one who represents a rural constituency, I am always happy to hear anyone say something in defence of the farmers, because I know they have often been the greatest victims of profiteering in the past. But I would remind the hon. member that he is the one who, on two occasions in the house, has proposed a solution of our inflationary problems in terms of higher interest rates. I wish to inform him, in case he does not know it, that if there ever were a curse upon the heads of farmers in western Canada particularly, it has been high interest rates. Very few members will thank him for that.

Mr. MACDONNELL (Muskoka-Ontario): Would the hon. member permit a question? The hon. member knows that I have not advocated high interest rates; but that I made the statement, which I repeat, that artificially low interest rates produce artificially high prices. And I ask him this question: Would a farmer prefer to pay one half of one per cent a year on a loan of $1,000, which would cost him $5, or would he prefer to pay $5 a week in extra living costs, due to an inflationary policy?

Mr. ZAPLITNY: Of course that is beside the point.

Some hon. MEMBERS: Oh, oh.

Mr. ZAPLITNY: Well, hon. members may laugh if they wish. But if any of them can interpret what the hon. member has just said, then I should like to hear it. It does not answer the statement I have made.

I have said that the hon. member for Muskoka-Ontario proposed in the house on two occasions that higher interest rates would be a solution of the problem of inflation. He has not denied that; he has only qualified it by giving his reasons for making that proposal. Nevertheless the proposal was made. I do not know if it was made on behalf of the party for which he is the financial critic, but I do know he made the proposal.

I wish to inform him that the farmers of Canada have suffered more from high interest rates, and particularly during the years of depression, than from any other single factor in our economy. If he is to come to the defence of the farmers, then he had better revise his opinions about interest rates.

The hon. member went on to say that to talk about profiteering was ridiculous. He intimated that there might be a little profiteering, but that it was a mere fleabite—I think that was his expression.

Mr. MACDONNELL (Muskoka-Ontario): I said I would be prepared to take your opinion—

Mr. ZAPLITNY: He may take not only my opinion—

Mr. MACDONNELL (Muskoka-Ontario): —after investigating the facts.

Mr. ZAPLITNY: —but I will back it up. He described the profiteering as a fleabite.

I wish to quote from a labour report published not long ago, in which it is said that Canadian corporations made a net profit of $61 out of every man, woman and child in the country during 1946, as compared with $31 per capita for 1938. That is quite a substantial fleabite. Further on, it says that the increase in gross profits in this country was $3,059 million in that same year. During the same period the real wages of the workers and farmers and the salaried people of Canada dropped by eight per cent. If that is a fleabite, I should like to know what would have happened if—

Mr. FLEMING: Who wrote that?

Mr. ZAPLITNY: That was a labour report to be found in the *Labour Gazette* of recent date. I am sorry that I have not the exact date.

Mr. MERRITT: An official or private report?

Mr. ZAPLITNY: I believe it comes from the *Labour Gazette.*

Mr. HARTT: If it comes from the *Labour Gazette,* they made a terrible mistake.

Mr. ZAPLITNY: There have been worse mistakes made by the government.

Mr. HARTT: That is all right, but Canada is still prosperous.

Mr. ZAPLITNY: Coming back to this question of profiteering—

Mr. FLEMING: Will the hon. member be good enough to give us that reference when he has it?

Mr. ZAPLITNY: I shall be glad to give the reference. Coming back to the report of the prices committee on profiteering, we find on page 686 the following words:

> In its investigations the committee found that, in certain instances, opportunists, taking advantage of the special conditions existing, made unprecedented profits.

Unprecedented profits in these years must be high profits, because profits have been high for a considerable period of time. The report goes on to say:

> There is no doubt that the high prices tnat produced these profits did raise the cost of living at that time.

In many cases those profits are still going up and the cost of living is still going up, so to say that profiteering does not exist or that it exists only to the extent of a fleabite, is, I think, understating the case to the nth degree.

Listening to the hon. member for Lake Centre (Mr. Diefenbaker), I must confess that I was unable to decide just where he stood on the question of price control. He was castigating the government, and effectively, for their lack of action, but what that action was to be was hard to understand. I think there is good reason why he did not state clearly what the government should do. The official stand of the Progressive Conservative party on inflation and prices is exactly that of the Liberal government which is in power.

Mr. FLEMING: Nonsense.

Mr. ZAPLITNY: The hon. member for Eglinton says "nonsense", and he is an authority on that subject. On October 9, 1946, the following item appeared in the Winnipeg *Tribune,* reporting a speech by the leader of the opposition (Mr. Bracken). The hon. gentleman is now in the house, and he may correct me if what I say is wrong. This item reads:

> . . . Mr. Miller's election will have no effect whatever on government controls because his views, stated on every platform, are in entire accord with the government's stated plan.

The hon. member said that the election of a Conservative candidate would not alter in any way the government's price control policy. Then later, in the October 18, 1946, issue of the Portage la Prairie *Graphic*—

Mr. BRACKEN: If the hon. member is going to quote my words, he should not put on them an interpretation that they do not bear. His first statement was correct, but his interpretation of that statement was wrong.

Mr. ZAPLITNY: I shall now read the words of the candidate himself, which might be a more accurate interpretation of the opinion of the leader of the opposition. This is what the candidate himself had to say, as quoted in the paper I have just mentioned:

> Mr. Miller emphasized there was no difference between the Liberals and Progressive Conservatives on price control and inflation.

Mr. FLEMING: Will the hon. member state why it was that this report had the concurring support of the C.C.F. members of the prices committee as well as of the government members, but was voted against by the Progressive Conservative members of the committee?

Mr. ZAPLITNY: Probably the reason is that the report suggested a cut in taxation.

Mr. FLEMING: No. Give us an answer.

Mr. ZAPLITNY: You asked for it and you must be satisfied. The point I want to emphasize is that, while the hon. member for Lake Centre was most sharp-tongued in his castigation of the government; while he was shooting darts across to his left about the stand taken by this party, he did not propose anything

that would be a solution of the present cost of living. We have yet to hear from the official opposition in this house what they would propose in the place of this report or in place of what the C.C.F. proposes in order to solve the high cost of living.

Mr. FLEMING: Read our amendment.

Mr. ZAPLITNY: I suggest to the hon. member that he make his own speech.

Mr. FLEMING: Was the hon. member in the house on Saturday?

Mr. ZAPLITNY: I have heard a lot of speeches by the hon. member for Eglinton, and if he can make another one explaining all those he has made he will not need to ask all these questions. I said a moment ago that one reason why the Progressive Conservatives may have opposed the adoption of this report is that it suggests a cut in taxation. They groaned when I said that, as though to indicate that I was being unfair. What happened in this house just a month or so ago? When this group moved an amendment to the budget asking that the excise tax be abolished, that the exemptions on income tax be raised, the Progressive Conservative party joined the government in voting it down. That was one time when they were in the same boat.

Mr. FLEMING: Surely the hon. member is not going to make that statement in the house when he knows it is not correct. He knows that amendment also contained a proposal that all investment in Canada be socialized. He did not state that.

Mr. ZAPLITNY: The amendment to which the hon. member refers did not contain the word "socialization" in any way. It is too late now for a death-bed repentance. The hon. member voted against a reduction in taxation and he cannot talk himself out of it. I would point out to him that he does not have to take my opinion on this. He should remember that when the by-election in Portage la Prairie took place it was won by the Progressive Conservative party under false pretences. They stated that their stand on price control was exactly the same as that of the government, and then a few weeks afterwards they got on the radio and stated that they were opposing price control.

Mr. DIEFENBAKER: Whom do you mean by "they"?

Mr. ZAPLITNY: The Progressive Conservative party. We certainly heard plenty about it this afternoon. Hon. members know what happened later on when the public finally caught on to the stand taken by the Progressive Conservative party. Recent by-elections came along and they were not able to put over the double role they had been playing. They found that they were not able to live up to it. They could not in one breath be for price control and in the next breath be against it. In one breath they are for a reduction of taxation in this house and then they vote against a reduction of taxation.

Mr. FLEMING: That is untrue and the hon. member knows it.

Mr. ZAPLITNY: If the hon. member will look at the record he will see that he was one of those who voted against a reduction in taxation.

Mr. FLEMING: On a question of privilege—

Some hon. MEMBERS: Order.

The ACTING SPEAKER (Mr. Golding): Hon. members should not continually interrupt the speaker. They should permit him to make his speech, as is his right and privilege.

Mr. FLEMING: On a question of privilege, the hon. member has made a statement that I voted against a reduction of taxation. That is utterly untrue; it is just as untrue as it possibly can be.

Mr. ZAPLITNY: The hon. member can say what he likes, but if he looks at the record he will find his name among those who voted against our amendment.

Mr. FLEMING: Your amendment dealt with matters outside of taxation.

Mr. ZAPLITNY: It had the reduction of taxation in it, and the hon. member voted against it. I am not talking politics. I was referring to the record and making certain statements which are absolutely correct, but which perhaps hurt the conscience, if nothing else, of hon. members to my right.

In 1946 the hon. member for Qu'Appelle (Mrs. Strum) moved the following amendment in this house:

> This house is of the opinion that the government's policies of permitting recent unjustifiable increases in the prices of farm machinery and of steel have resulted in imposing on food producers and workers of Canada an unfair share of the burden of maintaining the government's price stabilization policies.

That is clear-cut enough. But what did our so-called champions to my right, who shed crocodile tears for agriculture, do? Every member of the Progressive Conservative party voted against that amendment. Let them deny it. I do not hear a single voice. Try to wiggle your way out of that. You cannot do so.

In this group during the past three months we have consistently—

Mr. FLEMING: Talked nonsense.

Mr. ZAPLITNY: The hon. member for Eglinton is confining his remarks to "nonsense". If he stays on that subject, he will be consistent. We have consistently urged price controls and subsidies in order to give the workers and farmers and the people of this country generally a fair break in the way of prices. We have also asked the government to impose mark-up controls in fields where it is impossible to have an over-all system of control, so that there will be at least control of profits in certain fields where they are definitely excessive. That is not too much to ask for.

To those who say the C.C.F. want over-all control of everything, let me say that was never the suggestion of this group, for we realize that price controls are only a palliative to bolster up an economic system which does not function. If we are to continue to have a capitalistic system of distribution in this country it will become increasingly necessary to have controls to give a fair break to the workingman. But that is not a permanent solution, and we have never said it was. We have always said that the government of this country, regardless of which party is in power —this is not an ideological argument but an argument looking to the future—will have to go farther and farther into the field of public enterprise to create a balance wheel by providing competition to private industry where monopolies and cartels have destroyed it altogether. Many cartels and monopolies have effectually squashed all competition in certain lines. The reports of the registrar of combines establish that fact.

Let me give a concrete illustration of what can be accomplished. I have a clipping here from today's Ottawa *Citizen* which, under the heading of "Crown Companies Pay", says that certain crown companies of this country have earned an operating profit of more than one million dollars in the last fiscal year, and among those mentioned is Polymer Corporation. Quite apart from the surplus which goes into the public treasury from the operation of these crown companies, desirable as that is, more important still is the fact that they play a part in keeping the prices of private industry at a reasonable level. The price of Polymer rubber in 1943 was 39·96 cents a pound; by 1946 the price had dropped to 20·35 cents a pound, and by November 1, 1946, it had dropped still further to 18·5 cents a pound, which was two cents less per pound than the price of natural rubber at Singapore. With the exception of the last two years, the period from 1943 to 1946 was when we had our greatest inflation. It was a time of rising prices; but here was Polymer producing rubber, and incidentally supplying private firms, at reasonable prices and cutting its prices year by year. It is quite clear, then, what would happen in other fields if we had government-owned enterprise which would produce and sell at cost and give the consumer the benefit of low prices, instead of production being left to private industry which shoots prices as high as the market will bear, in order to make a profit.

The permanent solution in this country is to have more crown companies, more public enterprise and public ownership in order to create a balance wheel and to provide a safeguard against the profiteering carried on at the present time. Until we can persuade some government in this country to take steps in that direction it will become increasingly necessary to have price control.

Mr. JOHN BRACKEN (Leader of the Opposition): Mr. Speaker, the measure before the house is a government resolution to concur in the report of the prices committee. The purpose of that committee, as set out in the resolution moved by the Prime Minister (Mr. Mackenzie King) some four months ago, was to consider and report upon three things: the causes of the rapid rise in prices, the commodities upon which prices had risen unduly, and to what extent hoarding and related practices had been responsible for rising prices.

We moved an amendment to that resolution, asking that the committee should also be required to consider the effect of government policies on rising prices, and further, that it should be empowered to bring in recommendations. The amendment was ruled out of order. The resolution as introduced by the Prime Minister was passed and the committee was appointed.

The committee sat pretty regularly throughout the whole of the latter part of the session and now its report is before us. It is in three divisions. In one division certain comments are made on the evidence presented before the committee; another division contains certain findings, four in particular; and the third division contains the conclusions of the committee under fourteen heads.

As to the evidence dealt with in one section of the report, it is generally accepted, I think, that the evidence is not conclusive, nor are the comments of the committee upon it conclusive with respect to the causes of and the remedies for rising prices. It is only fair to say that one interpretation of this report of the evidence is that it is apt to leave the impression that business all over this country

should be generally condemned when, as a matter of fact, only certain small sections of business have been proved to be guilty of so-called profiteering, if I may use the word, which would stand a lot of definition. One other observation with respect to these comments. One section of the report deals with matters which I understand were never before the committee at all.

We have this statement in the findings, if I may summarize it. It says that the significant causes of the rise in prices are four: first, the rise in external prices, the rise in prices outside this country; second, increases in the cost of producing certain goods; third, the expansion of purchasing power, and fourth, certain supplementary factors, which I presume include so-called profiteering. I shall touch briefly on these findings in a minute or two.

Nearly half of the so-called conclusions published in the report under fourteen different headings are criticisms of government policy in which many sections of this house have taken part and are in substantial agreement, and in which I am sure many of those sitting to your right, Mr. Speaker, are in agreement as well. One-quarter of these findings are vague and, to some extent, meaningless. They have been gone over by others. Several speakers have taken them one after the other and discussed them. I therefore do not propose to do that.

The third group of conclusions was referred to by the hon. member for Vancouver-Burrard (Mr. Merritt) as being the ash-can group of conclusion—recommendations which leave loopholes and possible delays for the government to follow or not to follow in dealing with this important matter.

With respect to the report itself, my first observation is that it is a most inadequate document, presuming to deal with what is perhaps the major economic question facing this country today. The committee was appointed to find the causes of these rising prices, and yet not the slightest attempt was made to examine the effect of the government's policies on these rising prices. We tried to have that as a requirement of the committee. By your ruling, Mr. Speaker, that was not allowed. In dealing with this problem, the effect of government policies during recent months and years was practically left out of consideration by the committee; government policies relating to taxation, to expenditures, to trade, to currency and credit were practically not considered at all. The objectives of the committee, and I think many of us think the objectives of the government, seem

to be to find some whipping-boy, some scapegoat on whom they can lay the blame for these unfortunate conditions in our economy.

Before I sit down I propose to show that the major blame for this price condition rests on government policies chiefly. The effort has seemed to be to leave the impression that somebody else was to blame for this condition. When we have a situation of this kind, such effects as these have some causes. Providence did not give us this price situation. In their individual or in their collective capacities, man gave it to us—perhaps nations helped. As I said, wherever there is such an effect there is a cause.

What is the cause of rising prices? It is the situation where the supply of goods is out of relationship to the supply of credit or currency. One can say that the remedy is to increase the supply of goods or to reduce credit or currency. I suggest that under these conditions our hands are tied. If we start out to try to reduce the credit or currency available here, what will happen to our national income? What will happen to our wage level? What will happen to our capacity to pay our debts? Nothing but harm. Therefore it leaves us with the other alternative of finding a way to increase production. I propose to deal with these matters in a little more detail later on.

But what I want to say now is this. This high price situation did not come about by accident; it had causes. What are these causes? That is what the people of Canada want to know, and how the condition can be remedied, nothing else. It is natural that those who are in positions of responsibility should try to leave the impression that others are to blame. But what we have to try to do is to find out what are the real causes and what are the best remedies that we can follow from now on.

In the report, four or five things are mentioned as being the chief contributing causes to this condition. One of them is foreign prices. No doubt the rise in prices elsewhere has been a factor; but I suggest, with all respect, that it has not been a major factor in the rise of prices in Canada. Another suggestion is that certain companies have sold their goods for what somebody was willing to pay; that the prices they received were considerably more than what they had paid and that profits were made. No doubt that has been true. Whether that is to be regarded as profiteering is a matter for examination.

I want to ask the house, is the man who today has some cattle on his farm to be regarded as a profiteer if he holds them off for a few weeks, in view of the fact that the

government of Canada is reported as likely to remove the embargo on cattle going to the United States? Is the man who grew oats and barley a year or two ago, and, on learning that the government was likely to remove the price ceiling on these commodities, to be regarded as a profiteer if he held his oats and barley until the government made its move and the price went up 50 per cent? Is he to be regarded as a profiteer who, under conditions where dominion policies increased the supply of currency and credit far beyond the supply of goods, thus ensuring a rise in prices, takes advantage of that situation? I am not answering that question; I am just raising it. If every such man is to be regarded as a profiteer I ask, who in Canada is innocent?

No doubt, profits have been made. Profits could not help but be made under conditions of inflation, where prices were sure to rise. The government had the alternative of trying to see that commodities equalled the amount of currency and credit or of bringing in and maintaining, if it could, an over-all policy of control.

The government has stated its position and we have stated ours. There is the constitutional aspect. There is also an economic aspect. Practically everyone today thinks that, under these conditions, that over-all kind of control policy could not be carried out, and would not produce results if it were, without wage controls. And if we have price controls and wage controls we must tell every worker where he has to work and how much he can get for what he does, as well as what will happen if he does not do what he is told. It is generally recognized now that such an over-all system would lead to communism, the one thing that nearly everyone in Canada is afraid of.

Certain evidence is brought forward to leave the impression that great profits were made. No one denies that profits were made. Everyone who had any physical goods found that their value went up, just as if prices were to go down they would lose. Prices went up and many made profits, and if prices went down they would lose. But certain evidence was brought forward, and I will give one item as an illustration. It is said that cocoa beans increased in price 283 per cent. I have not checked it, but I have no doubt that is the fact. But what is the bearing of that on the cost of living? I am told only that 1·6 ounces of this commodity is used by the average family in Canada each week, so that even if that statement represents a fact, which I do not question, it has little bearing on the practical question of how to control prices that are 50 per cent higher than they were before the war; wholesale prices double what they were before the war.

The question of butter has been raised. Does anybody here question that, so far as butter is concerned, its costs have risen rapidly under recent conditions? If anyone doubts that suggestion, then I think he should look at the situation today. We have a price ceiling on butter and I suggest that we ask ourselves this question. With that price ceiling, is anybody in Canada at this time of the year, when production is high, going to buy butter at a fixed price and pay the storage and then be subject to a fixed price later on? That has been the common practice in normal times, because butter is produced in the summertime in larger quantities than in the winter. It looks as though now, under existing circumstances, there will be less butter next winter than there was last.

That, I suggest, will be a most unfortunate situation in view of the controversy between butter producers and those who would bring oleomargarine into the country. If we run into a further difficult situation in regard to butter next winter, part of the blame will lie on those who have put butter in the position it occupies today.

Two or three other things were said by the committee, one of which was that increases in cost of production were a cause of rising prices. Certainly they were; but what we want to know is, what contributed to the increased cost of production? We know some things that did so contribute; but what we do not know, and what the committee has not examined, is the result of government policies on the increasing costs of production. That, the committee has not reported upon, and that, the committee should have reported upon.

The report suggested that another cause of rising prices is increased purchasing power. That, too, is correct, but what contributed to the increased purchasing power? Some factors that contributed to it were laudable, things that we all want. Some other factors may not have been so laudable. What part had government policy in increasing purchasing power, and to what extent can it be justified? That, the committee did not answer; that, the committee should have answered.

Then the impression is left that the work of the committee, the examinations that took place under it, have struck terror into the hearts of businessmen, and that, because of that, good has been done and will continue to be done. That self-praise, in the face of the facts, is a poor recommendation for the committee.

What has been happening since the committee has been at work? The cost of living has gone up, and I venture the prediction that it has not stopped going up. Today, it is at 153·3, higher than we have ever before known it, higher than it was after the first war, during which, as someone said this afternoon, we did not have the controls we had in this second war, and certainly did not have the experience of a previous war, as we had in the last war.

What I wish to do today is to examine the effect of government policy on rising prices and to assess the degree of that effect; because frankly, in my judgment, government policy has had more to do with rising prices than all other factors put together, and yet it has not been examined by this committee.

On February 2 last I warned the government that Canada was facing the greatest economic problems the country had ever before been called upon to face. I predicted then that, because of the government's refusal to take effective action, the cost of living would increase beyond levels reached in the disastrous inflation of the nineteen-twenties. Events have now justified these warnings.

Prices in Canada now stand at by far the highest level in our history. The general cost of living index stands at 153·3, the clothing index at 173·6 and the food index at 191·6, nearly double pre-war, and still rising. And even these official indices, which are based on a subsistence standard of living and in many respects are not fair, do not reflect the actual burden borne by the average Canadian family.

The true position is more nearly reflected in the wholesale price index which, when computed on the same basis as the cost of living index, now stands, not at 153 but at 220. On this basis the average price of all commodities is well over twice the pre-war figure.

People are facing a situation in which it is becoming increasingly difficult to provide for themselves the necessities of life. I mentioned the wholesale price index, because we commonly quote the other figure. One is 153 and the other is 220. For this rise in prices the blame lies largely at the door of the government.

The government cannot excuse itself by saying that we are suffering from the aftermath of war. Of course the war created problems; but the people of Canada pay, in their heavy taxes, the expensive price of government in order to have these problems faced and overcome. Yet at almost every stage the policies of the government have heightened inflation and increased the burdens of the people.

[Mr. Bracken.]

The sole action taken by the government has been to appoint a committee of parliament to inquire into the cause of the rise in prices. This was sheer evasion and subterfuge. Everyone in Canada who had studied the matter knew why prices were rising. We had too little consumer goods. Why? Because the government encouraged reckless capital goods purchases in the United States; because they needlessly imposed embargoes on foods and goods from sterling area countries; and because they maintained at a high level a most regressive system of indirect taxes, such as the excise tax and the sales tax. Our dollar is worth only sixty cents, or perhaps only fifty cents, because the government doubled the money supply in comparison with the goods the nation produced, and because so much government expenditure was made on borrowed money, money borrowed by the government from the banks and not wholly from the public.

These are among the real causes of our inflation. The government alone is responsible for them and their ill consequences upon the people; and it has done its discreditable best to conceal what it did. Vagueness and confusion exist all through this country. There has not been the frank analysis of this situation that there should have been.

Let us look at the government's taxation system. What is the position? Before the war we spent $500 million a year. In the middle of the war we spent six times that, or around $3,000 million a year. What has happened since the war? Even in the present budget we are spending $2,700 million. The government increased our taxes by 500 per cent; then they reduced them by ten per cent. That is not the worst of it; there are two features which are particularly bad, not only the heavy burden but the proportion the government takes of all we make. Before the war this government took from the people of Canada ten per cent of all that everybody made. That is what the cost of government took from the pockets of the people. Now they are taking over twenty per cent of all everyone makes. If this keeps on in this country we shall be in the position of trying to bring prosperity by each taking in the other's washing; when what we need is more instead of fewer people at productive work.

Canadian taxation is characterized by two features: taxation which bears unequally upon the poor, and taxation which taxes people when they do not know it. I refer to such indirect taxes as the excise and sales taxes. I am not suggesting that they could all be taken off. But those hidden taxes take out of the pockets of the people of Canada $1,000

million that they do not know about. These taxes fall directly upon production, unlike other taxes which are imposed after the money is made. They increase the cost of living. They force down living standards. They hamper enterprise and restrict income and employment. It is true that last December, following criticism by myself and others, the government removed the sales tax on certain articles of food; but that is only a single step forward on a very long road. The sales tax remains on many materials and much equipment going into the production of food and on all other consumer goods, as well as upon the instruments of their production.

The burden of these taxes has been great for many years, but last November the government added a special excise tax of 25 per cent to all the other indirect taxes. This additional tax applies to a long list of miscellaneous articles, such as automobiles, refrigerators, brushes, mirrors, cosmetics, combs, cameras and film, radios, toasters, food choppers, electric kettles, irons, vacuum cleaners and so on. Most of these and many more are rightfully regarded by the average Canadian family as part of the necessary equipment for living; yet the government imposed this special tax which increased costs, increased prices and further stimulated inflation.

I shall touch upon some half dozen other government policies and try to show how they have made this price situation worse. The second factor in creating inflation was the process of decontrol. The way these things were done almost looked as though their very purpose was to produce inflation. Of course that was not the intention, but we can see now what the consequences have been.

The first step, away back in 1943, was the removal of subsidies on the production of certain essential goods. As the subsidies were removed, the marginal producers of essential goods, caught as they were between rising costs on the one hand and price controls on the other, were forced out of production, or compelled to concentrate on the most expensive lines.

The second major move along the line of decontrol was when the government, after two or more years of subsidy removal, in 1945 began to remove price controls. All too often they began at the wrong end. By removing price controls from non-essential, capital and luxury goods first of all, they directed the nation's productive capacity into those lines, to the detriment and reduction of essential production. So by the end of the program the government had achieved the maximum possible reduction of goods which are the essentials of life; and now have the effrontery to ask a committee of parliament to find out why the cost of living has gone up.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

Mr. BRACKEN: Mr. Speaker, when the house rose at six o'clock I was dealing with the report of the committee with reference to the rise in the cost of living and prices generally. I had touched briefly upon the history of this matter from the time when the resolution providing for the setting up of the committee was passed, and I had dealt briefly with some of the findings of the committee. At that moment I was engaged in a discussion of certain of the government's policies, and their effect upon rising prices. And in this last respect I had dealt with two of those policies, namely taxation, and the manner in which the government had taken off certain of the controls.

I was about to deal with a third question of government policy, namely the expansion of credit. Apparently the government felt that inflation was not moving rapidly enough, so they helped in worsening the situation by increasing the bank-note issue to the extent of $25,000,000. Then they allowed credit expansion to proceed almost unchecked. Bank loans and investments increased by $777 million over a short period. The net increase in capital stock issue was $236 million in the same period, and corporate bonded debt increased by $81,000,000. The net result has been that the government's policies have given us less than half as much increase in production as they have given in expanded credit and currency. That is one of the chief causes of rising prices; and for it the government is wholly responsible.

Then, as if this were not enough, the government undertook a fourth measure, the most inflationary measure possible for any government to take, the heavy cash subsidization of new capital investment. Between November 10, 1944, and March 31, 1947, the government, through the Department of Reconstruction and Supply, extended special facilities to industrial investment through the allowance of double depreciation against income tax. This resulted in new investments totalling $1,200 million, against which tax abatements are estimated to have amounted to $220 million in 1947. This is the equivalent

of a cash subsidy of $220 million in rebates in taxation to encourage commercial investment. It thereby took from those who would use certain of these commodities, lumber, cement and other things, goods to the value of $1,200 million. It thus lessened the amount of these goods available for other purposes, thereby permitting or encouraging increases in cost.

This subsidizing of commercial construction and investment, in a time of acute shortage of consumer goods, greatly intensified the general inflation. This increased the cost of housing immediately; it increased the price of commodities beyond the reach of the average individual, and these increases extended all through the entire range of goods and services in current use. The view of the Progressive Conservative party is that, although capital investment is most desirable and quite essential to our long-term welfare, the government was paying subsidies to this extent out of public funds at a time when it would cause great hardship to the people at large.

We now come to the fifth of the government's policies, their trade policy. After having imposed unparalleled pressure on the limited supply of goods available, supplies which were limited largely as a result of government policy, they proposed to shut off a wide range of these supplies for the purpose of saving dollars. But many imports required not a single United States dollar in connection with their purchase from sterling area countries. Some of these embargoes were totally unnecessary, but they are the reason why such articles as tomatoes—I give that as one example—have been sold in Ottawa for as high as eighty-four cents a pound.

But the government, apparently not being satisfied with the mischief they had already wrought, undertook yet another measure, the reimposition, on January 1 last, of a long schedule of customs duties against the remaining imports which they permitted the citizens of Canada to obtain in the sterling area. As a result, prices once more marched upward toward infinity. I wish to make it quite clear that all these restraints on our trade with the British commonwealth had nothing to do with the dollar crisis, but they had much to do with aggravating the living crisis of Canadians.

In the face of these numerous actions by the government, all of which have increased inflationary pressures, the remarkable fact concerning prices is that they are not twice as high as they are, that the wholesale price index does not stand twice as high as it is—at 440 instead of 220. That the situation is not worse is a tribute to the patriotism, good sense and self-restraint of all sections of our economy—of business people, of labour, and, above all, of the average Canadian. Had it not been for this, the ill results of these government policies would have been much greater than they are.

In distressing and perplexing times such as these, it is the tendency of all of us to seek a panacea—some one, simple solution of all our troubles. Many have been led to believe that in the price control such a panacea was to be found. Our experience in the war, under the dictatorial powers given the government over prices and wages, laid the basis of that idea. For this false conception, as applied in peacetime, the government is alone to blame; because all during the war it constantly led the people to believe that price controls were, in fact, such a panacea; that price controls were the simple answer to the problem of how to fight a world war without any inconvenience at home. As usual, this kind of government propaganda misled if it did not deceive the people.

The government, by such politically conceived propaganda—I use that term in no ulterior sense, because it was their privilege to sell the idea of price control in wartime; my criticism is that it was overdone and the impression left with everybody in Canada that the same kind of thing could be carried on in peacetime, with equally good results, and when it was not carried on and prices did go up as they have gone up, then came the public reaction and the people said, "You did it before; you said you would do it again; you have not done it; therefore we will spank you"—created the illusion which for a while concealed the true nature and effect of the government's wartime policy. Now that illusion has been cruelly shattered. Not even the socialists and communists are sufficiently naive to believe that price control without wage control can ever counteract the effect of the multitude of inflationary measures which have been put to work by the government.

A little before six o'clock the hon. member for Dauphin (Mr. Zaplitny) mentioned two things. He referred to something I was reported as having said about the attitude of the hon. member for Portage la Prairie (Mr. Miller) toward price control. I think what was said was that his views with respect to the price controls were not different from those of the government. I think he said that and I may have repeated what he said. What the hon. member for Dauphin also said was that price controls were only a palliative, that they were not a permanent long-term remedy for this situation. With that we all agree.

What, then, is the situation now? A frustrated public now asks, what are we to do? The first thing we must do is to put an end

to this business of skidding from crisis to crisis, snatching first at one expedient and then at another. Palliatives will not and cannot remove the causes of the present inflation. We must find ways to prevent the present so-called crisis from becoming a permanent condition of our economic life. We must find ways to prevent the minister's austerity program from becoming the permanent pattern for the life of Canada. Only positive remedial action will do that.

We must, first of all, set out to get rid of much of the welter of indirect taxes which are everywhere increasing the cost of production, and the cost of living, as well as restricting income and employment. The first to go must be the long list of 25 per cent excise taxes which were imposed by radio broadcast on November 18 last. The next to go must be the sales tax, in so far at least as that item enters into the cost of living. There must be reductions in the income taxes paid by people who do not make enough on which to live.

Perhaps I might be permitted to intrude another thought here. I sometimes wonder how we get in a state of mind that under post-war conditions like this we can all expect to have higher incomes, higher wages, help rebuild other nations and provide more generously for social security; how we expect to do all that and at the same time pay $2,700 million in taxes and still not have higher prices, is hard to understand. There has been something wrong with our thinking somewhere. We cannot rehabilitate Europe; we cannot add to our own well-being; we cannot pay higher taxes without either increasing production or doing with less. That is basic in our approach to this problem.

If we are to help over there, it is not bookkeeping; it is not dollars; it is not a manipulation of our currency—it is goods that will help. If we are to send them more than we have sent in the past we shall have to produce more than we have produced in the past or do with less ourselves. But there seems to be an inclination to produce less, and there is not much inclination to do with less.

Next, we must consider seriously the removal of many of the embargoes, quotas and tariffs which are shutting off our imports from the United Kingdom and other parts of the sterling area. We have been sending goods over there; they are unable to pay for them all, and in some respects we have been making it difficult or impossible for them to pay for them by shutting out more than we did during the war the goods that they could send in here. These restrictions have been creating artificial scarcities and forcing up consumer prices here in Canada.

It is time that everyone in Canada realized that if these artificial restrictions could be removed we could get ourselves in due course into a much more fortunate position in the world as far as helping forward both ourselves and our less fortunate brethren in Europe are concerned.

Finally, we must overtake the government's inflation of our currency by greater productions. As a distinguished United States scholar and statesman, Bernard M. Baruch, said recently, "Production, production, production —that is the law and the prophets." We here in Canada also must realize the importance of production. To that end the government must get off the taxpayer's back by lessening taxes; business must set out to produce more without an increase in profit; labour must increase its productivity without an increase in wages; and, finally, farmers must plan to produce more without increased income. In addition, all of us, including the government, must learn that wars once fought have to be paid for, and that they can be paid for, destroyed nations rehabilitated, and high standards of living maintained, only if, by the partnership of us all, we produce more of the essential goods needed for the human family to live on.

If the government fails in its task, as it is doing, and if the rest of us prove to be unwilling to make these comparatively minor sacrifices we shall deserve our fate, another depression. But the government must give the lead. It must get off the backs of the people, instead of putting heavier burdens upon them.

If, then, we have the courage, the vision and the tenacity to face our problems, and then to work with a will to carry them out, we shall find that our price troubles will commence to disappear. But they will vanish only when we do two things: first, when we all learn that production is the only thing that will save us and that production means work by us all and, second, when the government refrains from its customary practice and puts economically sound instead of political expedient policies into effect. As I have tried to point out, the government has gone the wrong way about some of these matters. A reversal of its taxation and production plans is long overdue.

With many of the sections of this report we are in agreement; but, as a means of meeting the problem of rising prices, we consider that it is evasive, incomplete and less than frank with the Canadian people. We are not opposed, as I said, to many of the so-called recommendations or conclusions in this

report. What we are opposed to is what has been left out of the report, namely, a consideration of the effect upon prices of the government's own inflationary policies. We are opposed to what the government has left out of the report more than we are to what it contains.

Some of our suggestions were outlined in our amendment, and I have tried to make a fuller statement upon them in my remarks tonight. Because of the inadequacy of the report for the purpose intended, we shall vote against it.

Mr. CLARENCE GILLIS (Cape Breton South): Mr. Speaker, I had not intended taking part in this debate; but, after listening to some of the statements recently made, it is necessary, even at the risk of keeping the house here for a day or so longer, that the house and the country should have a clear understanding of the basis of the present debate.

The question before us is, in my opinion, the one that is uppermost in the minds of the Canadian people, namely, why there has been such a shrinkage since 1945 in their purchasing power or real wages. While the reason may be clear to many of us in this house, I am fairly sure that it is not clear to some of the speakers this afternoon and this evening, whose remarks may tend to confuse some people in this country.

What is the issue? The issue is that the government and the official opposition, by the removal of the controls which protected the consuming public of Canada during the war period, initiated a movement which in effect has robbed the people of from 30 to 40 per cent of their real income since 1945. Has that actually happened? The answer is yes, and the proof of the fact that there is something wrong with our price structure is that the government of Canada and the House of Commons saw fit to appoint a special committee which has spent several months in taking evidence to determine what is wrong in our economy. The report of that committee is now before us.

The first fact to be established is that there is something wrong with our economy. The committee's report is proof positive of that. But before going into the subject matter of the report, just to set the record straight I understood the hon. member for Lake Centre (Mr. Diefenbaker) to state this afternoon that the C.C.F. group in this house had supported amendments to the 25 per cent excise tax. I stated that he was not present when this group forced the vote on the abolition of the 25 per cent excise tax. To be fair to the hon. member, on the assumption that he wants to be fair to us, I wish to say that the hon. member for Lake Centre was present in the house.

Mr. DIEFENBAKER: On a question of privilege, Mr. Speaker, I thank my hon. friend and assure him that there was a little misunderstanding on both sides.

Mr. SINCLAIR: Damon and Pythias.

Mr. GILLIS: Coming to the question before us, I assume that every member of the house honestly wants to do something about high prices. No one is sparring for political advantage on this question because, remember this, no one can get any political advantage out of it. Either we settle the question before us on a reasonable and sensible basis, or something else will clean the whole works out, because you cannot play with this kind of thing for very long without wrecking the whole structure of society.

What caused present conditions? I should like to recall to the memory of the Conservative party that from before the 1930's until 1939 we had in this country what could have developed into revolutionary conditions—unemployment, malnutrition, frustration, jobless youth with no hope and no future. That was the position which faced us in 1939. The youth of this country were ripe for any ism that wanted to use them, and neither the Liberal party nor the Conservative party had any policy to offset those conditions. It is true that Bennett set up slave camps where the jobless youth of this country worked for twenty cents a day; and both Liberals and Conservatives had trouble with the unemployed, first, in the Vancouver post office building and again in Regina. But neither one of the old parties had any policy to offset what in effect could have developed into revolutionary conditions in this country.

Then the war broke out, and the government very sensibly, and the opposition with a lot of reluctance as I remember it, decided that this system of free enterprise could not fight a war. Accordingly the government began to plan the economy of this country. They laid down certain control measures. They took control over basic materials and fixed prices for them, and decided upon the essentials that should be produced in this country. While we were doing that, and incidentally throwing away approximately 50 per cent of the national income in war materials, we raised the standard of living in Canada to about 50 per cent higher than it had ever been before, despite the fact that about one million of the youth of this

country were out of production and into war, where Canada made a wonderful contribution.

Then, as soon as the war was over, Liberals and Conservatives began to vie with each other as to who were the greatest free enterprisers. Neither party believed in controls any longer. Controls must be taken off and the machinery of production must be handed back from responsible control to what I would call irresponsible control; because, make no mistake about it, you have controls in this country today exercised by controllers who are responsible to nobody except themselves. What amazed me in the house today was to hear the leader of the opposition (Mr. Bracken) and his lieutenants condemn the government for this report, because, as I remember it, ever since the war was over, they have been urging the government to remove this control and that control and to get away from subsidies and hand the machinery of production back to private enterprise. In their view, private enterprise will run the thing and the law of supply and demand will regulate prices. This group took the stand that if there was any time in the history of this country when we needed controls it was in the transition from war to peace. During the war it was relatively simple to handle controls. There was a national objective, a united people. The housewife was policing the stores. Controls were simple to administer. When the war was over and there was a backlog of savings and employment was high, the tendency was for those who were greedy and unscrupulous to siphon back the war savings and get everything they could out of the economy. That was when we needed rigid controls.

Who broke these controls? Who set off the spiral of inflation in this country? I say the government did. The government did that by acquiescing in the suggestion of the Conservatives who, from this side of the house, without any exceptions, urged them to discontinue controls. At that time we said in the house that the first increase in the price of a basic commodity was made when the government permitted a $12.50 a ton over-all increase in the price of basic steel. We said at that time the steel industry affected our whole economy. We said that price increase would be reflected in an increase in the price of farm commodities. We said it would cause an increase in the price of foodstuffs. Nevertheless, without any examination of the books of the Steel Company of Canada, that increase was permitted. In my opinion it broke the price ceilings in the country and made it impossible to administer controls any longer, because the government did not want them. The government must take responsibility for that, and the official opposition must take equal responsibility because they urged the government into it. The only thing I am sorry for is that the government was so short-sighted as to fall in line with the suggestions and the urgings of the Conservative party.

Well, that is finished. One control after another came off. The government now has to admit, and I think the official opposition, if they are honest about the thing and wish to do something for the Canadian people, must admit also that the machine of private enterprise which they advocated, the law of supply and demand, the dependence on the honesty of the other fellow to do what is right by his fellow man, have gone by the board. The evidence today, as indicated by the record of the price levels, shows that it cannot be done. Evidence was given before the prices committee that Canada Packers, for example, held back butter, created a shortage and got eleven cents a pound additional when they were prepared to release it and made themselves a couple of million dollars. That is business. There is no law against it. Nevertheless it created a hardship on the Canadian people.

I listened all afternoon to my hon. friends to my right criticizing the government. I have not yet heard them make any proposal as to what they would do. I challenge any one of them. I should not say that, because one is not permitted to challenge an hon. gentleman in the house.

Mr. HARTT: Not to a duel.

Mr. GILLIS: I should like to hear one of them tell us what they would do if they were sitting over on that side of the house. While they have said the government has done this and that which have created hardships for the Canadian people they have not told us what they would do. They have no proposal. The fact of the matter is that they would have to do exactly what the government is doing, in order to maintain our economy as it is, because they believe in the system of free enterprise.

They talked about the C.C.F. They said the C.C.F. were visionary; they were this and that. I was surprised that the hon. member for Lake Centre had something to say about Saskatchewan.

Mr. MITCHELL: What about New Brunswick?

Mr. SINCLAIR: What about New Brunswick?

Mr. GILLIS: New Brunswick did exactly what I expected.

Mr. CASSELMAN, What about Ontario?

Mr. GILLIS: I do not want to waste the time of the house in talking about New Brunswick.

Mr. SINCLAIR: We would like to hear about it.

Mr. GILLIS: They did what I expected them to do; the poor, the uneducated, on relief, kept that way deliberately, subservient to the machine in power. That is the answer. They will wake up some time. We are not anxious about New Brunswick.

Mr. SPEAKER: Order.

Mr. SINCLAIR: No wonder you lost if that is the language which you used there.

Mr. GILLIS: We did not lose a thing. We increased our popular vote by about 200 per cent. We are sneaking up on you, my hon. friend.

Mr. SINCLAIR: You had better get back to your text.

Mr. GILLIS: I had referred to the hon. member for Lake Centre. I have a lot of regard for him. I like to hear him talk. He gestures nicely. If I was ever tried for any criminal offence I think I would send all the way to Saskatchewan and bring him down if I was guilty. Of course, if I was being prosecuted and I was innocent I would get the Minister of Justice. I know the hon. member for Lake Centre would free me if I was guilty.

Mr. SINCLAIR: Go on.

Mr. GILLIS: As I was saying, I was surprised this afternoon to hear him make a case against Saskatchewan. In his dramatic way he said that in the province of Saskatchewan where they had the power they passed an act and allowed it to remain dormant for a year; they never put it into operation. The hon. member gave that answer in the house. I sat here a couple of months ago and I listened to the hon. member for Lake Centre make a speech. Of course it served its purpose at that time. He said the Saskatchewan provincial government had passed a price control act, but they knew they had no authority or no power to enforce it.

Mr. DIEFENBAKER: Mr. Speaker, on a question of privilege, no such statement was made that they had no authority or power.

Mr. SINCLAIR: You had better get the gesture.

Mr. GILLIS: They had no power and they had no authority; it was a national matter; it was a matter that came within the purview of the federal government, and the Saskatchewan government were only kidding the people when they said they could enforce price control.

Mr. DIEFENBAKER: That is what I said.

Mr. GILLIS: The hon. member was right.

Mr. DIEFENBAKER: That they were only kidding the people.

Mr. GILLIS: He was right at that time. They had no power to enforce that act. They tried to do something, though. They are pioneers.

Mr. DIEFENBAKER: When did they bring it into effect?

Mr. GILLIS: They at least have the courage of their convictions. They passed the act. Then they went to the legal fraternity across the country and inquired into the validity of the act and the possibility of putting it into operation. The legal fraternity told them that they could not work it that way, that they could not fix prices in Saskatchewan.

Mr. DIEFENBAKER: Will the hon. member allow a question? Would he name one of the legal fraternity across the country who was consulted, because Mr. Douglas said just the opposite, that they would not bring it in?

Mr. SINCLAIR: And blame the federal government.

Mr. DIEFENBAKER: Who was consulted?

Mr. GILLIS: I do not want to give away state secrets in the house. It might embarrass my hon. friend if I were to name names, and therefore I am not going to do so. I know he would be the last one to expect me to do that. It would not be ethical professionally. What I am attempting to do, Mr. Speaker, is to show the house that rather than argue from their heart the necessity of getting something done with regard to the problems which are before the house, most of them are engaging in weasel words for the purpose of fooling the people in the country from whom they may be seeking votes. We in this group are not doing that.

Mr. HARTT: Tell us about the Tories.

Mr. GILLIS: If you will examine the record back to the inception of this party, you will find that the formula and the principles for which we stand today in this house are the principles that we stood for back in 1932 when the manifesto was first written.

An hon. MEMBER: No.

Mr. GILLIS: I like the hon. member for Kamloops. He is a young fellow with learning, but like the baby you are bringing up and trying to lead in the ways of life, he has

to be spanked once in a while so that he may understand what you mean. The hon. member spoke in this debate and he read into the record what I regarded as a pipe-dream of his, because I believe the boy has too much intelligence to believe what he said.

Mr. FULTON: I thought that about you at one time.

Mr. GILLIS: I did not hear what he said.

An hon. MEMBER: Oh, yes, you did.

Mr. GILLIS: I shall have to read it in *Hansard* tomorrow. What did he say?

An hon. MEMBER: Shout it out.

Mr. GILLIS: Did the hon. member for Kamloops say something?

Mr. FULTON: Yes, I said I thought that about you at one time.

Mr. GILLIS: There is nothing so funny about that. At that time you were able to think; apparently you have lost that ability. The thing that scares me about this party, and I mean it—

An hon. MEMBER: Which party?

Mr. GILLIS: The Tory party. They see a communist behind every bush. But let them not forget the lesson of George Drew. He, too, saw one behind every bush, with the result that today he is looking around for a seat. The people have smartened up to that kind of thing. My hon. friend says that the C.C.F. advocate the regimentation of labour.

An hon. MEMBER: You did that the other night.

Mr. GILLIS: Just a minute, my legalistic friend. Let me explain that to you. That matter has been put on the record of the house time and again. We are not afraid to say what we mean, but we refuse to allow you to put your interpretation on what we say.

Mr. TIMMINS: You answered the minister.

Mr. GILLIS: Yes. I have answered the minister a dozen times, and there is no misunderstanding between the minister and me on it. I have said this in the house a good many times for the benefit of my hon. and young friend the member for Kamloops, that organized labour in this country have no objection to wage controls if they are part of an over-all control system. The only thing they object to is the fixing of wages at sub-standard levels. That has been said in this house time and time again. For example, we would not allow you to fix in the hosiery business a wage rate of seventeen and a half cents an hour, as you have done under free enterprise. We would not allow you to draw zones, as you do in certain sections of the country, where there is a basic rate of twenty-five cents an hour or twenty-six cents an hour. We would not allow you to freeze wages at those levels.

An hon. MEMBER: Where are these places?

Mr. GILLIS: In parts of Quebec and in parts of Ontario.

Mr. DIEFENBAKER: Where in Ontario and Quebec?

Mr. GILLIS: Oh, definitely that is so, I do not want to start arguing with you—

Mr. HARTT: Not twenty-five cents, but zones exist in Quebec.

Mr. GILLIS: Take the hon. member who brought the girls over here from Europe, the hon. member for Beauce. That was put on the record. The trouble with most of you members is that you do not read *Hansard.*

Mr. LENNARD: Where in Ontario do those conditions exist?

Mr. GILLIS: I would refer you to the hon. member for Ontario who has just come in. He is a union organizer and he will give it to you section by section.

Mr. CHARLTON: You give it to us now; you are making the speech.

Mr. GILLIS: Of course I am. I am making the speech.

Mr. SPEAKER: I would ask hon. members not to interrupt the hon. member who has the floor.

Mr. GILLIS: I refuse to become school-teacher to a lot of members who do not read something for themselves.

Mr. HARTT: Do not be so modest.

Mr. GILLIS: I mean in the Conservative party.

Mr. HARTT: Now you can go on.

Mr. GILLIS: As I was pointing out to the hon. member for Kamloops, that is the position we have always taken in the matter of controls, and he speaks of "directed labour". I said to the Minister of Labour (Mr. Mitchell) on his estimates, just as I said it in 1940, 1941 and 1942, since I have given considerable thought to the subject, it is much better for the employment services of the country to have a placement service whereby the unemployed in any given section of the country may be able to go in and check with

the placement officers in connection with unemployment insurance as to where jobs may be available in the country.

Mr. FULTON: Will you not admit that that is different from directed labour in the sense in which that term is generally accepted?

Mr. GILLIS: That is exactly what I said the other night, but you interpreted that to mean directed labour.

An hon. MEMBER: That is not what you said the other night.

Mr. GILLIS: I am saying now what I said then, but you quote a couple of sentences out of their context when they serve your purpose.

Mr. FULTON: Quote the whole thing.

Mr. GILLIS: I have *Hansard* on my desk, but one is not allowed to quote from a debate in the same session. I also said that employers needing certain types of workers should put their requirements before those officers. Do hon. members know there are hundreds of young men today running from one part of the country to the other looking for work? There is work available for them in some sections, but they cannot find it. They do not know how to get it. Many young fellows have visited me in Ottawa in the last month, and I could dig up information as to where they might go and obtain employment.

Mr. FULTON: There is no objection to that.

Mr. GILLIS: You objected to it this afternoon and tried to imply that, as far as the C.C.F. are concerned, they were advocating directed labour and all that kind of nonsense.

With regard to the report itself, when the proposal was made to set up a committee the C.C.F. took the position that it should not be set up, that it was the responsibility of parliament to do something about price levels. Our view was that this was our job in the House of Commons, and we voted against the setting up of a committee. Nevertheless we bowed to the will of the majority, and when the House of Commons decided that a committee would be set up we appointed members to serve on it. Those members took their place in the committee and discussed the question during the deliberations of the committee. The report of the committee was brought into the house and our assumption is that it is merely another report. We believe the report will be tabled in the House of Commons and relegated to the archives. I hope it will not be, but that has been the history of past reports.

[Mr. Gillis.]

We have tried to amend the report, asking the house to refer it back to the committee. We have sought to have the committee revived for the purpose of amending the report by doing certain specific things immediately, such as the reimposition of the excess profits tax and some measure of controls and the establishing of subsidies. Our proposal was ruled out of order. We are in a position now where we are faced with a vote on this report, and I will say this about it. I have read the report and, if it means what it says, there is a certain amount of meat in it. If the tabling of the report means that the government will take this report and do something about the fourteen recommendations made by the committee, all of which are good if they are acted upon—though we are still suspicious that they will not be acted upon—and if the Minister of Finance (Mr. Abbott) and the other ministers charged with the responsibility for government policy intend to do these three things, as far as this group is concerned we will vote for the report. There is something in it; it is a step in the right direction. We are assuming that the government will do something about it, and on those grounds we are quite prepared to support the recommendations of the committee.

I want to conclude by making an appeal to the official opposition. I do not know whether they mean what they say; but this afternoon, for example, the hon. member for Muskoka-Ontario (Mr. Macdonnell)—another man for whom I have a great deal of respect, and of whom I knew something a good many years ago, when he did not know anything about me, back when he was with the Eastern Trust Company—made a statement in reply to a question by the hon. member for Cariboo (Mr. Irvine). He said that profits were legitimate, that there was nothing wrong with them; and he quoted a book he had read, the author of which I know. The hon. member said if it is fair for labour to ask for certain increased wage rates, which is profit, then it is as reasonable for capital to have a profit on its investment.

The two points are entirely separate and distinct. Invested capital has no right to earn profit. Wages is something that accrues from the sweat and labour of a human being who stands for eight or ten hours a day wrestling with the soil or with the tools of production. That person requires at least sufficient to maintain a home and provide for a family. At no time in the history of this world has that labourer, who wrings a living either from the soil or from the machinery of production, been overpaid. He has never been in the position

where he could maintain his family in decency and comfort, let alone save something. To compare him with the man who has a million or two million dollars to invest, and who can sit back in comfort in a luxurious home and draw from investments the equivalent of the wages paid that labourer, is simply not a fair comparison. That is unearned increment.

Mr. MACDONNELL (Muskoka-Ontario): Does my hon. friend realize that all I was doing was quoting to the best of my recollection—and I think I was accurate—from this book what one might call a philosophical comparison of profit and wages? I might add, though I did not say so this afternoon, that the author is now a labour peer. I imagine he is an out-and-out socialist.

Mr. GILLIS: That is quite all right; very likely he has revised his views. I could name you fellows who wrote books on communism ten years ago, and who today are Conservatives. No doubt the person who wrote that book honestly believed he was making a fair comparison; but tonight I am talking about the answer my hon. friend gave to the question asked by the hon. member for Cariboo. There is nothing philosophical about it; this business of wages versus profits is a straight material question.

In conclusion, Mr. Speaker, let me tell the government that if they were prepared to do three things I am sure all the members of this group would be prepared to go out and fight with them, and help them to get the public to understand. First, I think they have to re-establish the excess profits tax. The profits of practically every corporation in Canada today indicate that they have more than they are entitled to. Then, if you took the money you extracted by means of the excess profits tax—and mind you, no one would go on relief because you took it; no one would be hurt as a result—you could apply it to subsidies on essential commodities such as foodstuffs, on which ninety per cent of the income of the workers is spent today, with prices at present levels. Then you should revise the policy announced by the government, and re-establish the machinery of the wartime prices and trade board. You could call it what you like. You need not call it the wartime prices and trade board; you might call it a stabilization organization, or anything else. Do these three things and, in my opinion, within the next six or eight months—it will not happen overnight—the government will be able to get this country on some kind of even keel.

You will have opposition from over here among the Tory party; make no mistake about that. There will be plenty of opposition from them, because in my opinion—and I do not mean any disrespect to hon. members, because I think they are all pretty good fellows—they are managed from the outside by those who want a continuation of the machine that exploits the people of this country. That machine is gone, and the government should recognize it. We will support this report, and we expect the government to do something about it. Then, when you get in hot water with the Tories and big business on the outside, I think we shall be able to explain to the Canadian people the necessity for the action you have taken, whether or not it means anything to us politically.

Mr. MACDONNELL (Muskoka-Ontario): On a question of privilege, Mr. Speaker, I consider it perfectly fair for the hon. member for Cape Breton South (Mr. Gillis) to express any criticism he wishes of those in this party, of our mentality or anything of that kind; but I think he should stop short of accusing us of virtual dishonesty, as he has accused us. I would regard it as dishonest to be in this house representing a constituency, and to be managed by anyone. I should think he would be man enough to withdraw a charge of dishonesty.

Mr. GILLIS: When I made the remarks I did—

Mr. GREEN: You went too far.

Mr. GILLIS: No. I said there was no disrespect meant to any hon. members in this house. What I meant was that the machine of free enterprise—

Mr. BOUCHER: You did not mean a word of what you said.

Mr. GILLIS: This morning, when you were trying to talk about the capital of Ottawa, I thought it would get through a lot quicker if you sat down and kept your mouth shut. This is what I meant. Hon. members in this house who represent the system of free enterprise know they are the advocates in this house of every corporation, every trust company and every bank in this country which also believe in that system. So you have no alternative, if you believe in it, but to go through with that philosophy; just as we believe in another philosophy and bring the dictates of our convention into this house and try to put them across. That is what I meant.

Mr. FULTON: On a question of privilege, Mr. Speaker, in the course of his remarks the hon. member for Cape Breton South (Mr. Gillis) accused me of distorting a statement he made on an earlier occasion. Since he has made

that accusation, I think I should have the privilege of reading his words, so that the house may see whether or not I distorted them. I refer to pages 5821 and 5822 of *Hansard*, where the hon. member was talking about the unemployment service offices during the war.

Mr. GILLIS: On a point of order—

Mr. FULTON: I do not think there can be a point of order on a question of privilege.

Mr. SPEAKER: I understand that the hon. member wishes to raise a point of order.

Mr. FULTON: My understanding is that a point of order cannot be raised during a question of privilege.

Mr. GILLIS: I am raising a point of order.

Mr. SPEAKER: Order. I would ask the hon. member for Cape Breton South to wait until the hon. member for Kamloops has completed his question of privilege.

Mr. GILLIS: With all due respect, if the hon. member is permitted to quote from this debate, according to the rules of the house, then I reserve the right to read what he does not read in connection with that statement. He is not in order to quote from that debate.

Mr. FULTON: I shall be very happy to have the hon. member do so. My question of privilege, which is not part of the debate at the present time, is that the hon. member has said that on a previous occasion I distorted his words. I said I thought I should have the right to read those words, so that the house may have an opportunity to judge whether I am correct or not.

As I say, the words are found at pages 5821 and 5822 of *Hansard*. The words to which I refer are at a point where the hon. member, having described the useful functions of the employment service in wartime, said:

> The office performed a useful function, because employers were obligated to register their requirements, and selective service had the right to direct employees to employment. This condition no longer obtains. I think it is a function in the unemployment set-up which at some time in the future will have to be restored.

Then the Minister of Labour asked the hon. member this question:

> Do I understand the hon. member correctly, that he believes there will have to be a restoration of direction of labour?

And the hon. member replied:

> Absolutely. If that is not done, the minister cannot stand in the house and tell me or other hon. members that he has a placement branch in his unemployment insurance set-up. He has no such thing.

If the hon. member wishes, I would be perfectly willing to quote the rest of the passage. But I say that on that direct answer to a direct question which the Minister of Labour asked him if he understood correctly, the hon. member said, "Absolutely"—

Mr. SPEAKER: Order.

Mr. FULTON: There was no distortion in my remark.

Mr. SPEAKER: The hon. member cannot debate the point.

Mr. GILLIS: I should like to say this, that so far as I am concerned what he read is exactly what I said tonight; and I stand by it.

Mr. SPEAKER: When the minister speaks he will close the debate.

Hon. PAUL MARTIN (Minister of National Health and Welfare): Mr. Speaker, it is only appropriate that, as chairman of this committee, I should conclude the debate and try to meet as many as possible of the points which seem to me to be of special significance and which have been raised by those who have participated in the debate thus far.

I am sure the house would think I was only doing my duty if I were to pay tribute to all the members of the prices committee, regardless of party, for the great industry and diligence they have manifested since they were assigned the task given them in the middle of February last. Every member of the committee is deserving of the thanks of the House of Commons and of the people of Canada for the work they have tried to do in connection with this extremely difficult problem. And in paying tribute to them, I think it is only fair to include those agencies, such as press and radio, which have made known to the public the character and nature of the evidence being adduced by the committee through the interrogation carried out by two counsel who, as the hon. member for Cariboo (Mr. Irvine) said, have rendered distinguished service to the committee.

In assessing the merits of the committee, I think it is important to bear in mind why it was set up. It was set up primarily for the purpose of enabling members of the House of Commons to examine government officers, trade witnesses, and others, in order to see what light could be obtained in regard to this very difficult problem. It was basically a fact-finding committee and anyone who suggests, as did the leader of the opposition (Mr. Bracken), that while this committee sat there was a rise in prices, and that the committee failed to do its job because it did not check inflationary tendencies, certainly is attributing to a parliamentary com-

mittee a power which any reasonable man in good judgment knows lies outside the scope and reach of a parliamentary committee. No one for a moment attempted to use this committee as a means of reducing the cost of living.

An hon. MEMBER: Why?

Mr. MARTIN: The committee was used as a basis for determining what were the facts and to suggest remedial measures. Hon. gentlemen and others in the country said that there were profiteers in the country, that there were people who were hoarding, that there were people who were making profits away beyond any reasonable level; and it was because of the temper of the public mind and of parliament at that time that this committee was set up to try objectively to ascertain exactly what the situation was and what suggested steps the house and the government could take.

Having said that, I believe the fact is that the committee has had, as the hon. member for Cariboo said, a salutary effect. Among those witnesses called before the committee was Mrs. Marshall, head of the Canadian association of consumers. Speaking for thousands of women throughout this country, what was the nature of her evidence? She said that she looked upon this committee and, indeed, so did the members of her organization, as a fact-finding body that could, independent of that purpose, have a salutary effect. Indeed she said that at the time, when we were examining the cost of bread, it did have a salutary effect; for, while we were examining the question of the rise in bread prices, the evidence with regard to the ten-cent loaf of bread did have the effect of encouraging throughout the country a wider interest in and a greater amount of purchases of the lower-priced bread than of the higher-priced. This, together with the evidence of Doctor Pett of the Departmental of National Health and Welfare, as to the equivalent or better value from a nutritional standpoint of the ten-cent bread—again using the language of Mrs. Marshall—has had a salutary effect.

While the committee was still sitting, we had one gentlemen who has a series of stores in the city of Montreal announce to the committee that, because of its request, and because of the disclosure of his profit and loss figures, he proposed to reduce the cost of bread.

Then there was the evidence of the gentleman who said that if the committee were not sitting he would raise the price of bread; and there was another witness, during the later stages of the sittings of the committee who said, with regard to textile goods, that if the committee were not sitting he would raise the prices of some of the articles manufactured by his company.

And so one could go on to indicate that there were salutary effects which emanated from the kind of information disclosed and the realization that corporations and others would be brought before the committee to give an account of the price situation as it applied to their particular business. But it is not fair to suggest, as did the leader of the opposition, that this report brands industry as a whole. I call the attention of the leader of the opposition to conclusion 14 of the report, in which the committee says:

> Since the war, industry in Canada has been making commendable efforts to relieve these shortages.

Where industry had done its job, we were not hesitant to say it had done its job. There is no judgment on industry as a whole which would justify the leader of the opposition, or anyone else, in saying that this committee conceived of industry in its entirety as acting contrary to the public interest.

We approached our task, and it was a difficult one, as men who, regardless of political affiliations, were anxious to know the facts of the case, in the knowledge that the possession of such information would be of great value. The house will recall that the committee did not delay in beginning its sittings because, no sooner had the house passed the resolution authorizing its establishment, than within a few hours the committee held its first session. I said to the committee at our first meeting:

> The character of this committee will be determined by the members of this committee, and I am sure that they will not permit it to be used as a smoke-screen. They will not permit it to be a means of delaying action. In saying that the facts must be exposed, we should bear in mind that we are not a white-washing committee; nor, on the other hand, should this committee be used to "smear" anyone. This is a fact-finding committee. Our findings will, we trust, have a salutary effect, but no one who has acted fairly in setting prices need fear this investigation. But we should act without fear or favour, and I know that we will.

I know every hon. member of this committee will agree that, after allowance is made for the odd exception here and there, exceptions to which we all in some way or another contributed, that was the underlying principle by which, for the most part and generally speaking, every member of the committee sought to meet the assignment that had been given.

I can only say that perhaps the best judges of the work of the committee are the members of the committee themselves. While the hon. member for Cariboo does not think we have gone far enough in the conclusions, he said in

this house the other night—I compare his words with those of some others in his group—that this committee was a good committee; that it did the job assigned to it and, in so far as the conclusions met in part his point of view, he could not help but give it his support. I am not using any part of the tributes or estimates made by any hon. member on this side of the house; I am taking the comments of the hon. member for Cariboo, who, I think everyone on the committee will agree, was an extremely diligent member.

What did the committee basically conclude? The committee had a whole series of witnesses before it. We had the evidence of the chairman of the wartime prices and trade board, of the governor of the Bank of Canada, of the head of the bureau of statistics, of the commissioner of the Combines Investigation Act; we had a series of other officials of the government, and I could not help but think, as those gentlemen were giving their evidence, of the plea made by the hon. member for Muskoka-Ontario (Mr. Macdonnell) in this house a year ago when he asked the government to set up a committee to investigate and interrogate officers of the public service on this and related questions. This government and this house gave the very thing the hon. gentleman asked for, and it is as a result, in part, of what officers of the crown testified, that we are reporting to this House of Commons.

After the evidence was taken, we met and drew up our report and tried to arrive at what we thought would be the kind of commentary we should make about the problem generally and what we as a committee thought might be done to alleviate the severity of the problem.

I think the hon. member for Eglinton (Mr. Fleming) has taken a most unusual position in this debate. All through its deliberations he said that the committee was futile, that it was a waste of time, although I must say that he attended regularly and made valuable contributions toward some of its results. But I do not think I overstate the case when I say that he and his colleagues repeatedly took the position that the whole thing was a waste of time.

Yet when we came to the point in the final hours of the last meetings of the committee to try to see what we could recommend to our colleagues in this House of Commons and to the government of this country, what did we find? We found that not only was the hon. gentleman the only member of his party present when the conclusions were discussed and decided upon—

Mr. FLEMING: That was just at the last of the proceedings, remember.

[Mr. Martin.]

Mr. MARTIN: I shall come to that in a moment. We found that the hon. member was the only member of his party present, and he voted in a wholesale way against every recommendation made, many of which he himself has espoused in this debate and many of which he himself urged in this house last February when the resolution to set up the committee was being discussed.

That cannot be said of all hon. members of the committee. The hon. member for Cariboo was the only member of his party who was present during the discussion of the report and its conclusions. The report was read carefully, various members taking part in the reading, and afterwards there was much discussion about it. When we came to the conclusions, the hon. member for Cariboo joined with other members of the committee on the government side and voted in favour of the conclusions and of the report. The hon. member for Jasper-Edson (Mr. Kuhl) and the hon. member for Eglinton voted against the report and its conclusions.

I propose tonight to analyse these conclusions in order to see what the opposition to them means and how that opposition may be interpreted, so that the party to which my hon. friend belongs can be placed in a proper light in the judgment of the people of this country. I must now come to the speech of the leader of the opposition. He said that some of the conclusions were good, but he implied that he proposes to vote against the report.

I do not want to do injustice to the speech of the leader of the opposition. When he speaks he speaks for a political party, and I think it is only fair that I should pay particular attention to what he says, even at the expense of overlooking what the hon. member for Eglinton said in his speech. First of all, the leader of the opposition referred to some of the conclusions as an ash-can group of conclusions. I wonder what conclusions he refers to as ash-can? The public of this country will want to know from the hon. gentleman who has criticized the government for its price policy what conclusions he regards as being so unimportant as to term them ash-can conclusions.

What disturbs my hon. friends immediately opposite are not the conclusions themselves, but that they were brought in by the members on the government side of the committee and not by the members of their own party on the committee. There was nothing that surprised the hon. member for Eglinton more than to learn that the government members had set out conclusions which it wanted the committee to consider.

Mr. FLEMING: They were all out of order.

Mr. MARTIN: My hon. friend says they were all out of order.

Mr. FLEMING: Of course they were.

Mr. MARTIN: If that is the only basis upon which he opposes them and if he wants to put them in order so that he can vote on them, that is a consideration which I would certainly want to entertain.

The leader of the opposition calls this a most inadequate document. In what respect is it inadequate? Are the conclusions inadequate? Are they correct? Do they offer suggestions that might help to alleviate the situation? The only contribution the leader of the opposition has made is that he has found some economic theory which he thinks will give some alleviation with regard to the present rise in prices. What is that theory? He suggests that budgeting for a surplus is an anti-inflationary policy. He suggests that the purchasing power of the nation, without any relation to the availability of goods and services, is something which, if expanded without any thought of external conditions, will have the effect of causing a drop in prices. My hon. friend the leader of the opposition ignores completely the findings made by the committee based upon evidence given to it by those who, by training and knowledge, are in a special position to point the way; he pays no attention to them at all.

Mr. BRACKEN: Mr. Speaker, I did not say that the expansion of credit would reduce prices. I said exactly the opposite.

Mr. MARTIN: What I said was that my hon. friend said that if you simply expanded the purchasing power of the nation without any relation to the availability of goods and services prices would go down.

Mr. BRACKEN: I did not say anything of the kind. I said exactly the opposite.

Mr. MARTIN: My hon. friend said so many opposite things it is hard to know exactly what he did say.

Then he spoke of the cost of living rising in this country. No one denies that. But he has failed to recognize that it is due basically and significantly, as I am sure on reflection he will now agree, to the rise of external prices, the increase in the costs of production, the expansion of purchasing power in relation to goods and services available, and to a number of other supplementary factors—

Mr. BRACKEN: Including government policies.

Mr. MARTIN: —whose effect is only to a certain extent appreciable. He repeats his statement about taxes and so on. He is again saying, in a way that perhaps he does not realize, that if you expand the purchasing power of the nation without any regard to the availability of goods and services, you will cause a reduction in the level of prices.

Mr. BRACKEN: I said exactly the opposite.

Mr. MARTIN: I am not talking now about the general price level. My hon. friend knows perfectly well that the relationship between a high tax level and purchasing power is such as not to require further comment from me.

An hon. MEMBER: You have made that as clear as mud.

Mr. MARTIN: I cannot furnish the hon. gentleman with understanding. The whole argument of the leader of the opposition tonight was based upon the supposed fact that we were perhaps the only country in the world with no trading relationships with other countries. He forgets that the national income of Canada is to the extent of thirty-five per cent dependent upon our ability to sell goods to other countries. He neglected to make any reference to our economic interdependence with other countries. He might have compared us with countries with an economy comparable to our own, such as the United States, for example. He might have given to this house the cost of living in the United States as compared with Canada; but, since he has not done so, I will give him figures which I believe are revealing, because the United States economy and our own lend themselves to a comparison.

The total cost of living index from April 1 to May 1 in Canada was 152·5 and in the United States 169·3. Let us analyse those figures in terms of those factors which contribute to the cost of living.

The index for foods in Canada stood at 189·0, and in the United States, 207·9; rentals in Canada, 120·4, and in the United States, 116·3; fuel and light in Canada, 122·0; and in the United States, 130·7; clothing in Canada, 173·3, and in the United States, 196·4; home furnishings in Canada, 161·9, and in the United States, 194·7; miscellaneous in Canada, 122·9, and in the United States, 147·8. Let me repeat that the total cost of living index in Canada for the period mentioned is 152·5 and, in the United States, 169·3.

Mr. HOMUTH: Now compare the taxation in the two countries.

Mr. MARTIN: Assuming that the taxes in Canada were higher, and that is not the case—

Mr. HOMUTH: It is the case.

Mr. MARTIN: —on the basis of the argument of the leader of the opposition, our cost of living figures are low. Surely that, put alongside the main part of his argument tonight, reveals its inadequacy and how little it contributes to a solution of this problem.

My hon. friend likewise forgot that the Minister of Finance (Mr. Abbott) did take certain steps to reduce taxation. He took the sales tax off electricity used for domestic purposes; the duty was taken off tea and coffee, and recently the sales tax was removed from canned foods.

Mr. HOMUTH: What a tremendous concession to give to the people of this country!

Mr. MARTIN: He forgot to mention that.

Mr. BRACKEN: I stated that in my remarks.

Mr. MARTIN: Then I did not get it. If the hon. member did state it I am emphasizing it once more. What my hon. friend did not do, however, was to mention something that he continually forgets, for I have noted some of the speeches he has made in advocating social security measures. In one breath he will say that we must cut taxes, and in the next he outlines a program of promises that is exceeded by no other politician in this country. He has neglected to indicate that one of the reasons for the high tax level in this country is the social services that are being given to our people. He forgets to mention the sums of money spent on old age pensions. He forgets to mention the amount of money spent, and properly so, in connection with the veterans charter. He forgets to mention the $267 million that we are spending on family allowances this year alone, bringing assistance each month to three and a half million children, representing one and a half million families. He forgets to mention that the government is bringing in a program of national health that will cost this country in one year a sum of money greater than what has been spent on health by the federal government in the past twenty-seven years.

Mr. FLEMING: Shame on this government which has been in power all that time.

Mr. MARTIN: That surely puts in proper perspective the argument offered by the leader of the opposition tonight. But assuming that he was right; does he still believe that the conclusions put forward by the committee are conclusions which, while their generality is admitted, should not be supported?

[Mr. Homuth.]

Mr. HOMUTH: The committee's conclusions—

Mr. DEPUTY SPEAKER: Order. If hon. members desire to put questions and the minister is agreeable to answering them, they may be put, but other interruptions are out of order.

Mr. HOMUTH: The minister should not be allowed to get away with assertions which are not in accordance with the facts. He said the conclusions put forward by the committee—

Mr. DEPUTY SPEAKER: Order.

Mr. MARTIN: Two hon. gentlemen spoke from the C.C.F. group this afternoon, and one of them gave me the impression that he was not going to share the view which had been given to the house by the hon. member for Cariboo (Mr. Irvine), by the hon. member for Cape Breton South (Mr. Gillis) and others. Because he is not in the house tonight, I want to quote a statement which appears in Saturday's Windsor *Star*, attributed to the hon. member for Moose Jaw (Mr. Thatcher), to indicate how I think the hon. member for Vancouver Centre (Mr. Young) should unhesitatingly vote on this resolution. I refer to the hon. member for Moose Jaw, who is not in his seat. He had to be out of town tonight, and on that account could not, as a member of the committee, give his view with regard to the committee's deliberations, and I read to the house a statement of the hon. member for Moose Jaw, as follows:

W. Ross Thatcher, C.C.F., Moose Jaw, Saskatchewan, found himself in a position yesterday in which he felt it necessary to make a statement with regard to the prices committee report.

A member of the Martin committee on prices, Mr. Thatcher was one of many who thought the committee report would be a device to whitewash the government. For the past four days he had been preparing a minority report against what he thought would be the findings and recommendations. Then he found out he wouldn't have an opportunity to present his minority report in the Commons, so he re-wrote it as a speech.

When the prices committee was going over the final draft of the report tabled yesterday in the house by the chairman, Hon. Paul Martin, Mr. Thatcher remained in his own office to put the finishing touches on the speech he intended to deliver in the Commons today.

Then word came to him of the 14 recommendations. His C.C.F. colleague on the committee, William Irvine, Cariboo, B.C., told him he had voted for the report.

"So would I if I had been there", Mr. Thatcher told the *Star*. It's a good report, and immediately I telephoned Paul Martin to tell him so. Moreover, I pitched my speech manuscript into the wastepaper basket.

That was a frank statement from a member of the committee who had sat throughout its deliberations and who had made a contribution to the committee's work. Looking at the hon. member for Eglinton (Mr. Fleming) and the hon. member for Vancouver-Burrard (Mr. Merritt), who sat on that committee for four months, and who know of the evidence, I ask them to reconsider their position in the light of these conclusions. What are these conclusions? The first one recommends something which the hon. member for Eglinton recommended in this house last February. He said we should not have a parliamentary committee; what we should have is a commission of inquiry established, and let it do the job. Here we come along and recommend in conclusion 1:

That the government consider the immediate appointment of a commission under the Public Inquiries Act.

Did the hon. member for Eglinton support that conclusion in the committee? No. As the only member of his party present, he voted against the conclusion.

Take the second conclusion: the committee felt that while the combines investigation commission is doing a great job, his work could be accelerated and extended. Does the hon. member for Eglinton, does the leader of the opposition, sitting in this house, not agree with that conclusion? Does he think the combines commissioner should carry on just in the efficient way in which he is doing now and not have his work extended?

With regard to conclusion 3:

That the government amend the regulations of the appropriate legislation, if that be found necessary, so that immediate specific action can be taken where the evidence discloses flagrant cases of profiteering at the consumer's expense.

Does the leader of the opposition think that should not be done? In these cases where we know of unreasonable and excessive profit having an effect on price reduction, does he think we should do nothing about it? If my hon. friend refuses to vote for that conclusion there is no interpretation that we can place upon his act other than that he is against this recommendation.

Mr. FLEMING: Why did you not prosecute before now?

Mr. MARTIN: Take conclusion No. 5:

The government should give consideration to the desirability and practicability of restricting price rises by special taxation of unreasonable profits.

Do my hon. friends want the country to know they are opposed to that kind of resolution? Are they going to sit in their places and say that where we have evidence of unreasonable profits in relation to prices nothing should be done about it?

Mr. DIEFENBAKER: Why has no action been taken?

Mr. MARTIN: I ask him what he is going to do about it.

Mr. DIEFENBAKER: Why have you not done something?

Mr. MARTIN: I will deal with that in a moment. I was referring to the leader of the opposition and not to the man who aspires to be leader of the opposition. I ask the leader of the opposition, does he say that the government should not give consideration to the desirability and the practicability of restricting price rises by special taxation of unreasonable profits?

Mr. FULTON: What does it mean?

Mr. MARTIN: With regard to conclusion 6, does he say that the federal government should not encourage a uniform system of business accounting, something recommended by the Canadian chamber of commerce? Does he recommend that we should not try to adopt measures that will give the public a better picture of what the profit and loss statement of companies is?

With regard to conclusion 7, does he say that nothing should be attempted with regard to the disclosure of inventory reserves?

Mr. HOMUTH: They are all futile.

Mr. MARTIN: Under the present tax structure, inventory reserves are properly dealt with by income tax, but the purposes of this conclusion is to give the public a better opportunity of knowing a company's true position. The hon. member for Eglinton will recall that in the committee we discovered inventory reserves of over $9,000,000 of one company, a fact that had never been known before to the public. Does the leader of the opposition say that the people of this country should not be given these facts? If he votes against conclusion 7, that is the interpretation which the country will take with regard to his vote.

Mr. FLEMING: A crazy interpretation.

Mr. MARTIN: My hon. friend says it is a crazy interpretation. That is the kind of contribution he has made throughout this debate.

The leader of the opposition has been arguing that the government should remove certain excise taxes. He has gone up and down the length and breadth of this country,

failing to mention why the Minister of Finance imposed these taxes. The committee has considered this measure.

Mr. HOMUTH: And so has Louis Breithaupt of Waterloo North.

Mr. MARTIN: Here is what the committee says:

> The committee is of the opinion that the government should consider whether the time has not come to remove the special excise taxes on commodities in common use in Canada.

The committee says that the government should consider this conclusion. In the face of what he has said in this house and tonight and earlier in the country, is the leader of the opposition going to sit mute with regard to conclusion 9?

With regard to conclusion 10, is my hon. friend going to say that the government should not give close consideration to the question of rent controls? Is my hon. friend going to say that if certain modifications in this control can be made to meet individual hardship it should not be studied and considered? Let me repeat again that, by refusing to vote, the leader of the opposition and all the gang behind him will be—

Mr. HOMUTH: Mr. Speaker, on a point of order. The Prime Minister would not use a term such as that. We will not vote for it now.

Mr. MARTIN: I will not use the word "gang"; I will use the words "small group".

In his speech the leader of the opposition quite properly dealt with the question of production. He said the basic answer to the problem which faced the committee and which faces the house in this resolution is the question of trying to stimulate production. What does the committee's report say about that? This is what it says:

> The committee wishes to emphasize the fact that increased production at home and abroad is the only permanent solution to the problem of high prices. The present shortage of commodities is world wide, forcing world prices to high levels, which in turn are forcing Canadian prices upward.
>
> Since the war, industry in Canada has been making commendable efforts to relieve these shortages. The great amount of goods that Canada is contributing to the total world supply will aid substantially in relieving the present pressure on world prices, and in turn, will ease inflationary pressures in Canada.

Surely the hon. gentleman believes that, and, if he does, his responsibility is to give support to his belief.

The last thing I have to say, Mr. Speaker, is this. Hon. gentlemen opposite had an opportunity in the committee of disagreeing with these resolutions. They had an opportunity of amending these resolutions. They had an opportunity of offering alternative resolutions. All they did was to oppose the resolutions, proposing nothing in return. One hon. member said, "I haven't got time to deal with these resolutions; I am going to bed". That is exactly what happened.

Mr. MERRITT: Mr. Speaker—

Mr. MARTIN: I did not name the hon. gentleman, but he identifies himself.

Mr. MERRITT: Mr. Speaker, I was the member of the committee who went to bed at one o'clock. The minister would not wish to leave the impression with the house, which he knows is not so, that I said I had not time to deal with it.

Mr. MARTIN: Perhaps the hon. gentleman did not go to bed after all. This committee, Mr. Speaker, has seriously met the task which was assigned to it. It has made a serious study of the problem, and I commend its terms and purposes to this house.

Some hon. MEMBERS: On division.

Motion (Mr. Martin) agreed to on division.

SUPPLY

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

The DEPUTY CHAIRMAN: The item before the committee is 298, national revenue.

Hon. J. J. McCANN (Minister of National Revenue): The item, Mr. Chairman, is 297, taxation division, general administration. When we were last discussing questions under item 297, a number of inquiries were made to which I promised a reply. During the discussion of farmers' returns, some hon. members asked about the number of inspection officials in the prairie provinces. This information, which is now available, indicates that there are eighty assessors operating in Alberta, seventy-nine in Saskatchewan and fifty in Manitoba. The number of assessors of all kinds operating in Alberta, Saskatchewan and Manitoba is: Alberta, 266; Saskatchewan, 213; Manitoba, 201. The total number of assessors employed by the department throughout Canada is 2,200.

A second question had to do with returns filed by farmers. In connection with returns by farmers, information was asked as to the number of returns filed in the three prairie provinces as well as the amount of taxes assessed farmers in those provinces. As of June 16, 1948, the number of farmers who filed returns was: Manitoba, 26,278; Saskatchewan, 49,490;

Alberta, 42,075. The total number of farmers who filed returns throughout Canada was 190,858.

The latest tabulation of tax assessment is for the year 1946 and is as follows: Manitoba, taxable 6,780, tax paid $1,265,000; Saskatchewan, taxable 13,890, tax paid, $3,299,000; Alberta, taxable 10,731, tax paid $2,570,000. For the whole of Canada, 40,387 farmers were taxable and paid a gross amount of $9,843,000.

In connection with another inquiry with reference to the opening of safety boxes for the purpose of investigation, I wish to inform the house that the department is without authority to examine a taxpayer's safety deposit box without a search warrant or a court order, and as a matter of practice the department also asks the taxpayer or his representative to be present at the time the safety deposit box is opened.

Mr. DIEFENBAKER: Were any opened without search warrants? That is the question.

Mr. McCANN: The answer is no.

Mr. DIEFENBAKER: That is not the information I have.

Mr. McCANN: The hon. member for Lake Centre also asked a question with reference to the limit of $400 which the dependent could earn without affecting the exemption of the taxpayer. On March 18, 1942, this limit was established under authority of section 75, subsection 2, of the Income War Tax Act, and all officers were advised accordingly. That is the section which gives the minister power to fix the amount.

The next question was by the hon. member for Muskoka-Ontario, and had to do with assessments. I indicated that it was the hope of the department that eighteen months would see us on a current basis of assessment. This conclusion was based upon the fact that we now have on hand approximately 1,500,000 unassessed returns which were filed prior to April 30, 1947, as well as an estimated number of 3,800,000 returns for the last fiscal year, referred to as current. On the basis of maintaining the present rate of assessment of 350,000 returns a month, it is expected that at the end of eighteen months some 6,300,000 returns will have been assessed, which would place the department upon a current basis.

Another question was in connection with the dismissal of a certain number of employees of the Saskatoon office. The question was as to how many taxpayers' returns were involved in the case. Of some fifty returns investigated in this connection, approximately twelve were found to be implicated.

Mr. HLYNKA: When the minister's estimates were under consideration last Saturday I asked him in regard to the years 1941, 1942, 1943 and 1944, as applied to farmers in connection with income tax. From 1930 to 1939 the farmers of western Canada were selling their products at below the cost of production. The government did not advise the farmers that they would be expected to file returns for 1941, 1942, 1943 and 1944; and for that reason the farmers did not keep their books and accounts. Now that they are being asked to file these returns, they are not in a position to know what their expenditures were. In view of these facts, would the minister give favourable consideration to waiving the income tax for those years in connection with farmers who obviously are not in any position to pay the taxes which have been levied upon them under this net worth system which has been applied by the government?

As I said last Saturday, I believe the minister would do a good stroke of business if he did not require these farmers to file net worth returns for those years. I pointed out also that it was unfair, after the government had allowed this matter to slide for so long, to come along a few years later and ask the farmers to produce their books and accounts and, if they failed to do so, to apply this unjust net worth system. I feel that the minister, the department and the government are making a mistake and are really treating the farmers unjustly in adopting this method of collecting taxes for the years I have mentioned. Will the minister give consideration to my request?

Mr. McCANN: We have no authority to take such action as the hon gentleman has suggested, nor has the minister any discretion in the matter. If there are cases where undue hardship would result, action could be taken by the governor in council.

Mr. GILLIS: I should like to ask the minister another question in reference to the refundable portion of the tax. He has already stated that the total refundable portion will be paid next year. Has the department given any consideration to cases of taxpayers who are indebted to the government for income tax, perhaps as far back as 1945? They still have coming the refundable portion of their tax, which is more than sufficient to meet their indebtedness. The department is holding that refundable portion at two per cent interest. When that portion is repaid, according to the minister, it is applied to the indebtedness of the taxpayer, but interest at eight per cent is charged on arrears of taxes.

Has the minister considered, first, making the refundable portion payable at once where there are extenuating circumstances, for example where a person may have to go into hospital for a major operation? Could that be done? In the second place, could the minister not apply the refundable portion of the taxes to the arrears now? You have had it all the time; and could it not be applied to the arrears, so that interest would not accumulate and eat up most of the portion which otherwise would be refunded?

Mr. McCANN: Again that is a question of authority, and there is no authority for it.

Mr. GILLIS: By regulation?

Mr. McCANN: No, there is no regulation.

Mr. GILLIS: Could you not make one?

Mr. McCANN: It is set out in the statute. The refundable portion of the 1943 tax is payable in 1949. The refundable portion was collected for only half the year 1944. Ordinarily that would be payable in 1950, but in order to save work and expense it has been announced that the refundable portion of the 1943 tax and the refundable portion for the half year 1944 will be payable together in March, 1949. There are two exceptions: people who are sixty-five years of age, who have an income of less than $5,000 a year, and to wind up an estate. These are two separate items. We have the amount owing, the amount of tax unpaid, and the interest charged. The other item has to do with the refundable portion. We will keep our obligation to the taxpayer and see that he gets his money back on the date we promise; and, as far as 1944 is concerned, he will get it back a year earlier than was previously expected.

Mr. GILLIS: The minister did not answer my first question. I asked if the refundable portion of the tax could not be made available where there were extenuating circumstances. I mentioned the case where a major operation might be necessary, where it is delayed because the money is not available.

Mr. McCANN: I am afraid if that were done the hospitals would be full in a very short time.

Mr. GILLIS: That would indicate that the people are sick.

Mr. McCANN: We have had all kinds of requests of this kind on compassionate grounds. Some are very appealing, and in some cases if it were possible I feel that I should like to do something. But it would upset the operation of the plans we have made. This refunding of 1,400,000 cheques is an enormous problem. We are still looking for fifty thousand of those people. We have used every means, but have been unable to locate them. We have used credit associations, who are accustomed to this business; we sent out postcards and advertised in the newspapers, just to have them tell us where they live, that there was money waiting for them. Fifty thousand people have not claimed their money; and from 1943 to 1948 over four hundred thousand had changed either their name or address or both. I can go this much farther, however, and say that my hon. friend's representations will be brought before the government. If the regulations are changed we shall certainly administer them.

Mr. WRIGHT: I should like to ask the minister the reason for one regulation, as it affects a farmer who, because of age, has retired and leased his land. The man who operates the farm is allowed to average his income over three years, while the farmer who has retired is not allowed to do that, despite the fact that his income is just as variable as that of the operator of the farm. The retired man is dependent upon that income. I understand that he is not allowed to average it over the period allowed to the operator. What is the reasoning behind that?

Mr. McCANN: The reason is simple. He is a retired farmer, one who has given up that occupation. He is living on income.

Mr. WRIGHT: But his income is just as uncertain as that of the operator of the farm. His income is dependent upon production and prices, and it should be given the same treatment by way of averaging. It is income derived from the farm and is just as variable. In one year he may receive a good income, in the year of a good crop and a good price; but in the next year, with no crop, he has no income. His position is just as serious as that of the operator, in those circumstances.

Mr. McCANN: Hon. members should keep in mind that our department is entirely administrative. The question the hon. member has just brought up might well have been discussed in the debate on the budget or in the debate on the Income Tax Act. As it is in the statute, we administer it. There is no discretion given.

Mr. WRIGHT: Would the minister bring the matter to the attention of the proper government department, because it is working a hardship in western Canada where men who are retired depend upon the incomes from their farms? Because of our variations in weather and crop conditions, this works a hardship upon such men in some instances.

Mr. CRUICKSHANK: I am not concerned about this year's income in the Fraser valley. We have none. I should like to know from the minister what steps are being taken by the government to write off or to delay collections for arrears which, in the opinion of the department, may be due from farmers in the Fraser valley. They have no income this year, and apparently they will have no revenue coming from the government. What steps are being taken, either to write off or to delay the collections of arrears which may be due?

Mr. McCANN: We did make the concession—I will not claim it is very much—of extending the time for making returns. But no consideration has yet been given to the matter of writing off the taxes of the residents of that region.

Mr. CRUICKSHANK: May I ask the minister whether, prior to dissolution, or whatever you call it, in a day or two, his department will give consideration to writing those taxes off, without interest? If not, why not?

Mr. McCANN: The department of itself has no power to do so. I shall bring the hon. member's representations to the attention of the government.

Mr. CRUICKSHANK: Thank you. I presume along with it will be the minister's recommendation that it be granted?

Mr. CASTLEDEN: Have any members of the inspection staff used in Saskatchewan last year been replaced?

Mr. McCANN: As the hon. member knows, in connection with the Saskatoon incident some of them in Saskatchewan were discharged. Those people have been replaced, and we are continually adding to our staff when we get qualified people.

Mr. CASTLEDEN: What about the Regina office? Has there been a replacement there?

Mr. McCANN: The same applies to Regina. There have been no dismissals there, but we are continually adding to our staff at that point. Men are being promoted to that type of work as they are required.

Mr. CASTLEDEN: Could the minister give the committee any figure as to the cost of collecting this income tax? He gave the figures for the various provinces. One figure of $21,000,000 was given. What is the cost of collecting that $9,843,000?

The DEPUTY CHAIRMAN: I should think that question might more properly be asked under item 299. We are now on item 297.

Mr. CASTLEDEN: The minister did give figures with respect to the cost of collecting farm income tax in three provinces. I should like to have the corresponding cost of collection. If the question is answered on this item it need not be asked on the next one.

Mr. McCANN: We do not segregate the cost of collection from people in different occupations. I can give the general cost of collecting a dollar. But that is an average figure. Statistics are not kept of how much it costs to collect farmers' taxes, or doctors' taxes or lawyers' taxes.

Mr. CASTLEDEN: But you have the average?

Mr. McCANN: The cost of collection in the prairie provinces is 1·87 per cent of the amount collected.

Mr. MACDONNELL (Muskoka-Ontario): I should like to ask a general question with regard to organization. May I say in advance that I do not speak critically; I am just asking for information. I believe the minister said there were 18,000 employed by his department.

Mr. McCANN: Yes; in customs and excise there are about 6,000, and in the other branch, 12,000.

Mr. MACDONNELL (Muskoka-Ontario): The problem of organizing 18,000 people is a formidable one. I once had something to do with organizing five or six hundred, and I thought that was heavy enough. It seems to me that, with an organization as big as that, it is humanly impossible to be sure of having a continuous scrutiny which will bring efficiency, unless somehow or another you are able to get minds from outside to survey it. In business we were able to compare things with people from the United States, and we received many useful suggestions from different practices followed there.

Is there any way, through correspondence with other schemes in the United States or the United Kingdom, or wherever you like, whereby the department is able to get fresh minds looking in from the outside? I do not care if you have supermen; they will not jump out of their skins in critical judgment of what they themselves are doing. Another man from outside could criticize.

Mr. McCANN: The matter referred to is continually under review. We made comparisons with the United States and Great Britain. In connection with tax agreements, we hear from Australia, New Zealand, the United Kingdom and from the United States, and get information from high-ranking offi-

cials. The whole thing has been the matter of discussion between top-ranking officials in the departments in those places, and myself.

Mr. MACDONNELL (Muskoka-Ontario): Is that a matter of making tax conventions or of discussing principles of organization within your department?

Mr. McCANN: Both. We compare notes and we do keep very much in touch with the system and organization in the United States. For instance, from the 12th to the 15th of next month there is to be a convention in Toronto, consisting of persons employed in the revenue branch of the United States administration, and in our own. At this conference matters of this kind will be discussed. Each year, representatives from each district in Canada come to Ottawa in the fall of the year for a conference which lasts about a week. They have with them the directors of district offices. And those directors bring with them members of their staff. These conferences mean that about 150 people would be called together to discuss administration and other matters.

Mr. MACDONNELL (Muskoka-Ontario): Have you any officer or group of officers in your department whose business it is to try to detach themselves as far as they can from the work of the department, so that they can render critical judgment on what is being done? It seems to me that when you have 18,000 people at work there ought to be constant supervision of that kind.

Mr. McCANN: Members of the inspection branch of the head office visit all these different offices. The term "inspection branch" does not mean the inspecting of returns; it means the inspecting of district offices.

Mr. MACDONNELL (Muskoka-Ontario): I am afraid of the word "expert"; because sometimes they are not as expert as they pretend to be; but are there people in other ranks of business, leading accountants and so on, to whom you go for assistance?

Mr. McCANN: We use all the other departments. For instance, we use treasury on equipment, and other departments are used in connection with efficient office management, the introduction of new types of business machines and that sort of thing. Anything that will lead to the efficiency of the offices, to complete inspection of the offices, to better dispatch of business, is looked into and carried out.

Mr. CRUICKSHANK: Has the department the authority to waive or delay the collection of past due income tax from a farmer who may have been affected by what the Prime Minister called a national calamity? It has been brought to my attention that certain farmers in my riding have been billed and threatened with court if they do not pay their income taxes within fifteen days, and yet at the present moment their farms are under eight feet of water. If there is no discretionary power in the department I think every hon. member would agree that such powers should be given to the department to waive any such nonsense as penalties and the threat of court proceedings when farmers' homes are under water, even supposing they do owe taxes, and personally I dispute it. If the department has not that authority I think it should be given under the $17,240,000 order in council that has been passed.

Mr. McCANN: We have authority to delay collection, although there are certain penalties in the way of interest, but we have no authority to waive income tax. The problem referred to by the hon. member is being given serious consideration, and I think he can take it for granted that people who have suffered great loss will be dealt with on the most humane basis.

Mr. FLEMING: Last year, on the minister's estimates I asked about salary scales that were created when the taxation division had absorbed a number of accountants who had been in the employ of the wartime prices and trade board at salaries higher than those obtaining in the taxation division of the Department of National Revenue. The minister indicated at that time that steps were being taken to adjust upward the salary scales in the taxation division, so that there would not be this discrepancy between new and old employees. I was informed at that time that members of the staff who were senior by some years to those brought in from the wartime prices and trade board were actually receiving lower salaries.

Mr. McCANN: There has been a revision and readjustment of salaries, and the whole reviewed by the civil service commission.

Mr. FLEMING: My information is that in the Toronto office there is a substantial number of accountants who were formerly with the wartime prices and trade board.

Mr. McCANN: Our salary scale was perhaps not up to what they had been getting during the war, and if they accepted employment with us they had to do so at the levels we were authorized to pay.

Mr. FLEMING: That is not my information, which I believe is correct. I am told that when they were taken into the division, of course not as permanent personnel, they

were paid the salaries which they had received when employed by the wartime prices and trade board, and which were much higher than those being paid in the taxation division. The result was that men who were senior were actually receiving smaller salaries.

Mr. McCANN: I think almost every one of those cases has been looked into and satisfactorily adjusted.

Mr. FLEMING: The minister says "almost every one"; when will the remainder be adjusted?

Mr. McCANN: I will say all, without any qualification.

Item agreed to.

Taxation division—
803. District offices—further amount required, $4,510,372.

Mr. LENNARD: This vote, along with the regular estimate, is nearly double the vote of last year.

Mr. McCANN: The ordinary estimates are based upon figures which were submitted last September.

Mr. LENNARD: The regular item shows an increase of $7,000,000.

Mr. McCANN: That is my point. The regular estimates were made up in September, and we had to take into account what the establishment was at that time and what we contemplated it would be. Since that time, there has been a great expansion of work, with many more returns for 1947 being sent in than was anticipated. An extra number of people are employed in our district offices, and new offices have been opened up in North Sydney, Cape Breton island, and in the city of Sherbrooke. All these factors cause us to ask for the additional amount indicated in the supplementary estimates. The great part of our expenditure is for office administration and salaries.

Item agreed to.

General—
National film board, including the motion picture bureau—
801. General administration, $181,443.

Mr. MACDONNELL (Muskoka-Ontario): Will the minister say something in a general way about the administration of the film board and cover perhaps the substantial items of expenditure?

Mr. McCANN: The estimates for the national film board come under three headings: general administration; technical services administration; production, distribution of films, and the production of other visual material. The total amount asked for this year is $1,905,910. The national film board is a government agency which was formed back in 1939, prior to the war, for the purpose of co-ordinating the services for the production of films which were required by the various departments of government. That is what we call sponsored work. That is in addition to the appropriation which is asked for here for the national film board itself. For instance, National Health and Welfare, Trade and Commerce, National Defence or any other department, makes a contract with the national film board for the production of a film and pays for it out of moneys appropriated for that department. The national film board, in addition, is active in the production and distribution, not only of films but of what is called visual material. Just as a record may be kept in a book of great events, it has been found advisable that certain events should be recorded in what are known as documentary films. That, of course, requires the employment of many technical people. These films, once they are produced, are distributed. The purpose of making and distributing these films is to record great events which may take place in this country, and which should be put on record so that they can be used in the audio-visual sphere at some later date.

Mr. MACDONNELL (Muskoka-Ontario): Can the minister give an illustration of one such film that has been made, and state where it has been sent?

Mr. McCANN: Any great national event like the visit of the king and queen to this country, or some great sporting event, such as the world's figure skating championship by Barbara Ann Scott. We have also made a complete record of the atomic energy project, which may be of great use at some future date. Events like that are made into documentary films, which are kept in libraries if they are in the category of the atomic energy film, but if they are to be distributed throughout the country they are distributed through the film council.

Mr. MACDONNELL (Muskoka-Ontario): What about distribution in general for schools and so on?

Mr. McCANN: The distribution is nationwide, and it is done by stocking film libraries in various parts of the country with films which can be used by various organizations in the different communities. Normally an audience of approximately 250,000 persons is reached in the rural circuits with about 3,000 showings. In addition, certain films made are

sold for distribution here in Canada and other countries, and that brings in a certain amount of revenue. One of the purposes of the film itself is to interpret one part of Canada to another, to let the people of Nova Scotia, for example, through a film know what goes on in the prairie provinces and British Columbia, and vice versa. The films are used for education and for entertainment. They are also used in foreign countries, such as the United States, Latin America, Australia, New Zealand and European countries to show the people there just what kind of country this Canada of ours is. When one gets to the genesis of film production in this country, it started first as the motion-picture bureau in the Department of Trade and Commerce. The objective was by means of films to show to other peoples of the world what we produce in Canada and what we have for sale. That work is still being carried on. We feel that the national film board is a very useful agency of the government.

Mr. ROSS (St. Paul's): There is a revenue from some of the commercial films, is there not?

Mr. McCANN: Yes, some revenue, but not very great. It amounts to about $120,000 this year.

Mr. LENNARD: I wish to draw to the minister's attention one point which I have no doubt has been brought to his attention before, and that is that the district offices or centres which lend out these machines should exercise more care, because I know of certain societies, which one might say are not acting in the best interests of Canada, borrowing these machines. I admit that the films were of a high order and they did no damage; but, after the film was shown for about half an hour, a two-hour meeting of a subversive nature was carried on. That is one thing I think the department should guard against. I mention it, because I know it actually happened, and if I hear of its happening again I will communicate with the minister and give him the details. I shall not wait for parliament to meet to do it.

Mr. McCANN: That is a hard matter to control. This is what actually happens. In a community, probably they have a community get-together or an evening. The showing of a film is only part of that program.

Mr. LENNARD: I know, but it should not be an inducement to encourage people to gather together to sow sedition and subversive material in the country, and that is being done. I will admit that it may be a hard matter for

[Mr. McCann.]

the department to control, but I think I could clean up a bit in the Hamilton district.

Mr. McCANN: I quite agree with the hon. member that these films, which are made at government expense out of the taxpayers' money, should not be used either for subversive purposes or for political purposes by any party; and, so long as I am connected with the film bureau, I shall try to see that that policy is carried out.

Mr. ROSS (St. Paul's): I think they are used, as the minister says, for commercial purposes so far as Canada is concerned. I have only one or two things to say. First of all, I have used these films and I have found them excellent. There is one thing about which I have received complaints, and we ought to be pretty careful about it. I have had a good many letters from photographers complaining of the competition in still photographs with the regular professional photographers. They are getting competition from the national film board, and they do not think this is right. I do not know how it can be settled or what can be done about it. Certainly I have had a good many letters about it. We want to encourage individuals in this country who are in that business. We do not want competition from the government to take away their livelihood. It is unfair competition. Perhaps the minister can say a word or two about it. Probably he himself has had letters from these private photographers and can tell us something about it.

Mr. McCANN: What are called stills, the ordinary photographs, are sold at commercial rates, at rates which are agreed upon by the trade, and by the way, it is not a combine.

Mr. ROSS (St. Paul's): These lads are in this business to make a livelihood. They are good photographers. They cannot get their supplies as cheaply as the government can. As a general rule, they have to pay more for them. If they are complaining, as they are, there must be some reason for it. I do not think the minister has given a complete answer to the question. Perhaps he will look into the matter a little more fully.

Mr. McCANN: This is a matter which has been pretty well settled, because within the past month representatives of the film board have met with these people and there has been an agreement. The rates that are being charged by the film board are comparable with those that are being charged by the trade.

Mr. MacNICOL: I want to express a word of appreciation to the film board for the assistance they have given me on several occasions to present pictures about the natural

resources of the country. I wish particularly to refer to the office near the corner of Bank and Sparks streets. I believe the branch is presided over by Miss Greenwood. I am happy to say that she has always been very helpful in sending operators and machines to the House of Commons, either to the railway committee room or to some other committee room, to assist in presenting some feature about our natural resources. I am glad to say that I find the board very co-operative.

Mr. HERRIDGE: I just wanted to say a word or two to express the appreciation of the people I represent with regard to the work of the national film board in my constituency. I have received letters from women's institutes, farmers' institutes, trade unions, business organizations and all types of organizations wihch appreciate very much the services that the national film board is rendering in the district. I am quite sure that if even some of the city members, who possibly would not realize it to the same extent, could visit some of the smaller isolated points that exist in quite large numbers in the constituency I represent, see the eagerness with which the periodical visit of the representative of the film board is looked forward to, and experience the satisfaction that these people get from the services of the film board, some of them would be more enthusiastic in their support.

Before I take my seat I wish to make a suggestion to the board in regard to production, one that would be of particular use to children and, in many cases, to adults as well. I find an appalling lack of understanding of departments of government, what the various departments of government do, their functions, how they are administered and how they carry on. I would suggest that it would be a good thing for the national film board to produce a series that would bring before the younger people particularly, and the public in general, in the usually graphic manner, the function and operation of government departments. I am a firm believer that the more the people understand of democratic government and its functions, and see that it is functioning as it is intended to function on their behalf, the better citizens we shall develop and the better appreciation of our Canadian democracy will be engendered.

Mr. McCANN: The hon. gentleman's suggestion will be taken note of, and probably within the next year we shall do something in that regard.

Item agreed to.

General—
National film board, including the motion picture bureau—
304. Distribution of films, $772,000.

Mr. MACDONNELL (Muskoka-Ontario): There is a reduction of $120,000 in distribution. Does that indicate change of policy, or is there some incidental reason for it?

Mr. McCANN: Yes, it does indicate a change of policy to this effect. In an attempt to get a general reduction of government expenditures, the appropriation this year is not as much as it has been in former years. It reached a peak during the war years. That was because films were used as war propaganda to a great extent; but the government felt that in peacetime the national film board should discharge the function for which it was originally founded by cutting down some of that wartime expenditure. I may say that, in addition to this expenditure of $1,905,910, we shall have another $500,000 or $600,000 for different departments. That makes a total of approximately $2,500,000. That is sufficient work for the facilities which we have and for the people whom we employ, and we believe that it is a fair amount to be expended by this particular arm of government.

Mr. MacNICOL: Will the department have equipment for television as well?

Mr. McCANN: No; television would more properly come under broadcasting.

Item agreed to.

General—
306. Government office economies control division—administration, $10,678.

Mr. ROSS (St. Paul's): We ought to have a word from the minister on this item. I think we could take this item and item 805 together.

The CHAIRMAN: The hon. member for St. Paul's has suggested that items 805 and 306 should be taken together.

Mr. GREEN: No; they have nothing to do with each other.

Mr. McCANN: Item 306 is an entirely different division which comes under my jurisdiction. The expenditure here is very small. It is called, "Government office economies control division—administration, $10,678."

Mr. MACDONNELL (Muskoka-Ontario): What economies has it made?

Mr. McCANN: This government office economies control division was established in 1942 to examine and review all requests in public service for printing, stationery, office equipment and furniture before purchases are made. In general the terms and regulations embodied in P.C. 4428 and amendments

thereto are applied. Administration is centred in the director, whose duty it is to determine the necessity for the articles requisitioned, as also the quantity involved.

While records are maintained showing the number of requisitions dealt with and the estimated saving in each instance as a result of revision, any attempt to show by figures the economies effected in monetary value would not give the full amount, as no indication could be given recurrent savings.

In addition to screening requisitions received each day, a careful review has been made of over 12,000 printed forms in use in the departments of the public service, and through substitution, lower grade quality of papers, standard size cut of forms, considerable initial and recurrent savings have been effected.

All free mailing lists in the departments of government have been curtailed to a minimum. Standardization of qualities of paper in public printing and re-use of envelopes many times over have been effected, as well as reduction in qualities of binding of periodicals, publications, et cetera.

Careful review is made of all requisitions for publications, journals and other printed periodicals required for use of departments and approval confined to periodicals and scientific journals of use only to departments and libraries of government.

Periodic inspection is made of all government stores at Ottawa to ensure that stock is properly shelved and kept in clean and good condition. Inspection is also made of duplicating sections of departments of government and examination made of qualities of papers used on duplicating machines; furtherance of single space and narrow margin on copy and elimination of waste of paper and inks, et cetera, maintained.

Considerable study has been given by the director to the advisability of having dormant records microfilmed, so as to save the purchase of filing cabinets and space entailed in the filing and storage of dormant and semi-dormant files, and all departments have been advised accordingly. Several departments have adopted this process, and from information and records gathered it is believed that many other departments will follow.

Mr. MACDONNELL (Muskoka-Ontario): First of all, with regard to the vexed question of the outrageous waste of paper on divorce bills, could this office on economies do anything about that? As I say, it involves an outrageous waste of paper and is incidentally an awful nuisance to all of us. I do not wish to advocate any extra expenditure; but I wonder whether this organization, which is obviously a small one, can actually exercise any authority and whether it has weight to do the things which the minister says it does, or whether, as a matter of fact, it is simply a conduit pipe. Is the minister satisfied that it is exercising authority and doing the things he indicates are being done?

Mr. McCANN: If I had time I think I could prove conclusively that it has saved a good deal of money. When I look over the record from the time it was established and take into account the number of requisitions that come before it, I can say there has been a definite and positive saving. Going back to 1943, our record shows that we have saved $375,725.40 on this type of material alone, such as ink, stationery and furniture that is moved around from one department to another. There must be some sort of check and this is the only one we have.

With reference to the quantity of paper that is used in divorce proceedings, that is a matter which does not come under the jurisdiction of this department.

Mr. MACDONNELL (Muskoka-Ontario): Whoever can do it, it should be done. I would suggest to the minister that he satisfy himself that this department is really exercising authority and is not simply acting as a rubber stamp for what it gets from other departments, because that is what I would fear.

Mr. McCANN: It is far from being a rubber stamp. During the past year, 68,951 requisitions came in. There were 1,154 that were amended and a great number that were disallowed, and in connection with furniture, office appliances, printing and binding, stationery and publications, there was an actual saving of $49,262, while the total cost to the department is $10,000.

Mr. MACDONNELL (Muskoka-Ontario): That sounds good.

Mr. McCANN: The saving is four times as much as the money it costs to operate the office, and that is worthwhile.

Mr. MacNICOL: Keep it up.

Item agreed to.

International short wave broadcasting station—
307. Maintenance and operation, $1,711,500.

Mr. ROSS (St. Paul's): I wish to ask the minister a couple of questions. The other day he spoke with reference to this subject. He wishes to maintain the independence of the C.B.C. by continuing to collect the radio licence fee for each radio set. I wonder what

difficulty he would have in getting licence fees from all those people throughout the world who listen to our short wave, because he cannot very well collect those. That brings up the question whether it is not better for us to do as we are doing at the present time in connection with the short wave, that is to say, taking money out of the consolidated revenue fund and giving it to the C.B.C. to do a good job. I do not think anyone can say that they are not doing a good job of broadcasting various things for the people of Canada over trans-Canada and dominion networks, and what does seem so strange to me is that we are collecting only half the radio fees that we should collect in this country. I would say that on the average it is less than half. The thing is more or less ridiculous. I urge the government again to give the C.B.C. an allowance on a per capita basis for the population of Canada, which I believe would be about forty cents, instead of having all this nonsense. That would be sufficient. It might be well for the minister to let us know a little about what the $3,066,000 in the supplementary estimates is for. That is capital expenditure. Perhaps he could outline the whole thing. I should like to hear from him with reference to this farcical enforcement of the collection of the $2.50 radio fee in this country.

Mr. McCANN: The estimate submitted shows a slight increase in estimated expenditure for 1948-49 as compared with 1947-48. The amount for 1948-49 is $1,786,500. The increase is caused, first, by proposed staff appointments; second, proposed expansion of service; and third, necessary transcription service. With regard to the proposed increase in staff appointments, this is particularly applicable to the European section, and the need for it can be understood by a reading of the statement included in the appended notes at the end of this budget.

Briefly, the situation is that in some sections of our service we are able to secure to good advantage material for programs from free-lancers. In other sections this is not the case. In the United Kingdom section, for instance, a great deal of free-lance material is available and is used. Such material is not equally available in the European section, since there are not a large number of free-lance writers with the necessary language qualifications available in Canada and, when they can be found, the fees charged for their work are very high. This makes it increasingly necessary to have in our European section staff members who are capable of producing their own material in the languages required.

Regarding the expansion of service, we anticipate that this will take place during the remainder of the period 1947-48 and in 1948-49. When the 1947-48 estimates were prepared, an increase in service was envisaged, namely the opening of a broadcast service to South Africa, Australasia, Belgium, Russia and Latin America. Only part of these plans has to this date been realized. We have established daily service in Spanish to Latin America. A half-hour program weekly is now transmitted to Australasia. We have made some test transmissions to South Africa. At present active consideration is being given to the establishment of a regular service to Russia. Consideration is being given also to the advisability and the feasibility of service to South Africa and to Belgium in both French and Flemish. If these additional services are established—and certainly some of them will be—there will be a considerable increase in staff. This increase has been provided for in the budget estimates presented herewith.

As regards transcription service, it is to be noted that there is an increasing demand for and use of Canadian program material for relay over foreign broadcasting stations. The cost of making transcriptions is high, and therefore a separate amount is included in this budget under the "performers' fees" item to cover the requirements of this important service.

I might give the committee a little information in reference to this international short wave. Our physical plant is in Sackville, New Brunswick. It was built in 1942 and is owned outright by the crown, but is operated for a fee by the Canadian Broadcasting Corporation. No licence fees are collected from anybody with respect to international short wave; all the expenses come out of the money of the taxpayers. The situation is different in connection with the Canadian Broadcasting Corporation. It was set up by the government, and those persons in Canada who pay for radio receiving licences and commercial firms who pay licence fees may be said to be the owners of that system. They are the sole contributors to it. International short wave, on the contrary, is the property of all the people, all the taxpayers; and out of the appropriation we are asking parliament to vote this year this service will be continued.

The total hours of service are approximately 14½ a day. We have different sections which we call the United Kingdom section, the Caribbean section, Australia, New Zealand and the southern Pacific, Latin America, the French section, and the European section, which takes in Czechoslovakia, Holland, Germany, Norway, Sweden and Denmark. We employ ten lan-

guages in the transmission of programs to the different countries, including English, French, Spanish, Portuguese, Dutch, German, Swedish, Danish, Norwegian and Czech. As hon. members can well imagine, if we are to transmit programs or information in ten languages, we must have people who speak those languages. They are people with special qualifications, and their fees are fairly high. Occasionally we broadcast programs in Italian, Greek, Polish and Russian.

From the opening of the international short wave service in 1945—that is when it was opened, though construction was commenced some time before—to the end of 1947, over forty thousand individual messages have been received from listeners all over the globe. In September, October, November and December of 1947 we received 8,357 letters. In January of this year alone we had 3,836 letters. It is notable that, in connection with the programs we were broadcasting to Czechoslovakia at about the time of the uprising there, we received, from September to December, some 2,522 letters. Letters have increased in number since January of this year from all countries except Czechoslovakia, where they are not now allowed to send letters to this country.

The projected expansion we have in mind for the international service is to Italy, Yugoslavia, Poland and Belgium. A careful study is being made of a possible news broadcast to Russia. The problems are, of course, the difficulty of obtaining reliable and competent personnel, and of getting reliable information with respect to listening in Russia and possible response to our service.

It might be well to bear in mind that pressure was brought to bear upon the government to build this station during the war years in order that it might be used to communicate with our men and women in the defence services in Europe. It is credited with being the finest international short-wave station in the world; certainly it is the No. 1 station of the western world. The service is very much appreciated. It is a non-revenue instrument, and on that account we ask parliament to vote this amount of money to carry on the service for another year.

I might give a breakdown of these costs:

Performers' fees	$500,000
Salaries	615,000
News services	47,000
General operating overhead	315,000
Transmission lines	31,000
Tubes and maintenance	30,000
Crescent street-Sackville line	42,000
Improvements to leased properties	10,000
Supervision charges	81,500

[Mr. McCann.]

That makes a total of $1,711,500, and in addition we are asking $75,000 for capital improvements.

Mr. ROSS (St. Paul's): Plus $3,000,000; plus $66,000, which I think should be considered also. Those are in the supplementaries, and that is why I say we have to take them all together.

Mr. McCANN: Then, Mr. Chairman, would you please call item 804?

Mr. ROSS (St. Paul's): Call them together.

Some hon. MEMBERS: Eleven o'clock.

The DEPUTY CHAIRMAN: Do hon. members wish to deal with all these items? We have items 307, 308, 804 and 805.

Mr. ROSS (St. Paul's): They are together.

Some hon. MEMBERS: Eleven o'clock.

The DEPUTY CHAIRMAN: Is item 307 carried? Carried.

Some hon. MEMBERS: No.

Mr. MACDONNELL (Muskoka-Ontario): No, item 307 is not carried.

Mr. McCANN: My officers have been here for almost a week—

An hon. MEMBER: So have we.

Mr. MACDONNELL (Muskoka-Ontario): We have been here for six months.

Mr. McCANN: An important meeting of the Canadian Broadcasting Corporation opened in Montreal today. The general manager and other officers would like to be at that important meeting, at which the monthly business of the corporation is taken up. If we could have another ten or fifteen minutes I think I would be able to give the information in reference to these items. However, I am in the hands of the committee.

Mr. HANSELL: I am prepared not to call it eleven o'clock, if it will accommodate the minister and his officials. I have no desire to make a long speech, but only to ask one or two questions.

Mr. MacINNIS: On the point made by the minister, if he can satisfy those members who want to take part in this debate in a space of 15 minutes, I am willing to stay that long. But it does not look to me as if he can.

Mr. McCANN: I might be over-optimistic.

Mr. MacINNIS: I am afraid you are.

Mr. KNOWLES: Eleven o'clock.

Mr. GILLIS: Try it for fifteen minutes.

The DEPUTY CHAIRMAN: Go ahead.

Mr. HANSELL: I should like to ask the minister in respect of this item, which I find explained on another page—

Mr. MACDONNELL (Muskoka-Ontario): Eleven o'clock.

Item stands.

Progress reported.

BUSINESS OF THE HOUSE

Mr. MacNICOL: What is the business for tomorrow?

Mr. FOURNIER (Hull): Tomorrow we shall continue with the Department of National Revenue, in which there are only four items left. Then we will take Public Works, and the remaining departments.

Mr. KNOWLES: And there is nothing left but estimates?

Mr. FOURNIER (Hull): There are some divorce bills to be considered at some time during the day.

Mr. MacNICOL: I suggest that they be left until the last.

Mr. FLEMING: Is the government not proceeding with the annuities bill?

Mr. KNOWLES: No.

Mr. FULTON: What about the estimates of the Department of Finance.

Mr. FOURNIER (Hull): We shall begin with National Revenue and Public Works, and then the remaining departments.

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

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

DEPARTMENT OF NATIONAL REVENUE

298. Internal inspection and verification, $1,680,772.

299. District offices, $21,856,266.

Miscellaneous—

300. Amount to be paid to the Department of Justice to be disbursed by and accounted for to it for customs, excise and income tax secret investigation services, $15,000.

General—National film board, including the motion picture bureau—

301. General administration, $181,443.

302. Technical services administration, $89,467.

303. Production of films, including authority to finance temporarily work performed for other public authorities or other agencies as the public interest requires, $735,000.

304. Distribution of films, $772,000.

305. Production and distribution of other visual materials, $128,000.

306. Government office economies control division—administration, $10,678.

Taxation division—

801. General administration, including authority to create positions and make appointments, within the division, notwithstanding anything contained in the Civil Service Act and the said positions and staff so appointed are hereby wholly excluded from the operation of the said act—further amount required, $399,918.

802. Internal inspection and verification—further amount required, $101,118.

803. District offices—further amount required, $4,510,372.

HOUSE OF COMMONS

Tuesday, June 29, 1948

The house met at eleven o'clock.

HOUSE OF COMMONS

REVISION OF CLASSIFICATION OF COMMITTEE CLERKS —REPORT OF CIVIL SERVICE COMMISSION— CONCURRENCE

Hon. ALPHONSE FOURNIER (Minister of Public Works) moved:

That the report of the civil service commission respecting revision of the classification of committee clerks of the House of Commons, presented to the house on Saturday, June 26, 1948, be concurred in.

Motion agreed to.

COMMONWEALTH CONFERENCE

REFERENCE TO ANNOUNCEMENT OF AUTUMN MEETING

On the orders of the day:

Mr. M. J. COLDWELL (Rosetown-Biggar): Mr. Speaker, I should like to ask a question of the Secretary of State for External Affairs (Mr. St. Laurent). It was announced over the radio this morning that Mr. Attlee had made a statement to the effect that there will be a meeting of commonwealth prime ministers this autumn. Has the Canadian government been approached in regard to the matter, and if so, can the minister indicate the purpose of the meeting?

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, perhaps I should reply to the question. For some little time past the Prime Minister of the United Kingdom has been seeking to arrange a meeting in London of the prime ministers of the British commonwealth during either the summer or the autumn months. My hon. friend will have noticed a statement by Mr. Attlee that he had not found it possible to arrange for the meeting during the summer months on account of inability to get the different prime ministers together at that time, but that he does expect a meeting to be held in October.

I presume the meeting will be similar to the meeting of prime ministers held two years ago, and that it will be one in which matters of general interest to all the nations of the commonwealth will be discussed. I am not aware, however, that any definite agenda has thus far been arranged.

Mr. GRAYDON: I should like to ask a supplementary question. Will the Prime Minister himself represent Canada at the October meeting?

Mr. MACKENZIE KING: Well, that is something I wish I were in a position to answer. I might say that in the correspondence with the Prime Minister of the United Kingdom he was kind enough to express the wish that I might personally attend. I explained the position I was in with respect to attending any meeting in August, because of the convention to be held at that time. As to what it may be thought best to do thereafter may best be decided, I should think, after that meeting. I have expressed my desire to be as accommodating as it is possible for me to be in helping to bring about the meeting at a time which would be most convenient for the Prime Minister of the United Kingdom and the other prime ministers.

Mr. POULIOT: I should like to ask a supplementary question. Would the Prime Minister head the Canadian delegation to that conference?

Mr. MACKENZIE KING: It will not be a delegation. What is desired is a meeting of the prime ministers. Whoever is in that office at that time will, I assume, represent Canada.

Mr. POULIOT: Mr. Speaker, in view of what has been said about the possibility of the Prime Minister himself attending the conference of prime ministers in the fall in his capacity as prime minister, would it not be just as well to cancel the Liberal convention at Ottawa, which would serve no purpose?

COARSE GRAINS

ADJUSTMENT PAYMENTS TO WESTERN GROWERS

On the orders of the day:

Mr. G. H. CASTLEDEN (Yorkton): Mr. Speaker, I should like to ask a question of the Minister of Trade and Commerce, or, in his absence, his parliamentary assistant. The minister promised a reply last week. What government action has been authorized to compensate coarse grain growers in western Canada for losses they suffered on account of early delivery of their coarse grains last fall?

Mr. G. J. McILRAITH (Parliamentary Assistant to the Minister of Trade and Commerce): I do not know that there is much

I can usefully add. If I recall aright, the minister stated that an announcement in the matter would be made, and that the subject was under consideration. It will be a matter of policy.

Mr. CASTLEDEN: Has a payment been authorized?

Mr. McILRAITH: It is a matter of policy. When a payment is authorized I presume that it will be announced by the responsible minister.

Mr. CASTLEDEN: I take it that a payment has not been authorized?

Mr. McILRAITH: That does not follow from my remarks.

Mr. CASTLEDEN: Will the parliamentary assistant answer this simple question: Has a payment been authorized? The answer is no?

Mr. McILRAITH: The answer is that the decision is a matter of policy which will be announced at the proper time by the appropriate minister.

Mr. CASTLEDEN: Surely I can find out whether a payment has been authorized.

Some hon. MEMBERS: Order.

LABOUR CONDITIONS

SEAMEN'S STRIKE—WITHDRAWAL OF COURT ACTION

On the orders of the day:

Mr. CLARENCE GILLIS (Cape Breton South): I should like to ask the Minister of Labour if he has been advised that the Canadian seamen's union dispute with the shipping companies has been withdrawn from the courts. If so, is action along the lines of conciliation contemplated by his department, and if necessary will he consider the appointment of a controller for the industry?

Hon. HUMPHREY MITCHELL (Minister of Labour): Speaking now as an individual so far as I am concerned there will be no controller. I read in the newspapers that the case had been withdrawn. This is a free country, and you can always withdraw a case. It is simply an indication of freedom. I do not know why it was withdrawn, but it has been suggested that it was that they did not want Sullivan in the witness box. That is merely a conjecture. My hon. friend can rest assured that the services of my department are ever ready in connection with any dispute under federal jurisdiction.

[Mr. McIlraith.]

FLOOD CONDITIONS

BRITISH COLUMBIA—USE OF ROAD THROUGH NATIONAL PARK

On the orders of the day:

Mr. E. D. FULTON (Kamloops): I should like to direct a question to the Minister of Mines and Resources. As a result of the floods, the only Canadian highway leading into British Columbia which can be used—the only road now open—is one passing through a national park. Under the circumstances will the minister make a temporary change in the regulations to permit through trucking over the road through the national park?

Hon. J. A. MacKINNON (Minister of Mines and Resources): The arrangement suggested by the hon. member was made about ten days or two weeks ago, and will be in effect for a week at a time as long as the emergency lasts.

Mr. C. C. I. MERRITT (Vancouver-Burrard): As I understand it, the relaxation of the regulations in connection with truck traffic through a national park applies only to the movement of perishable commodities, not to general trucking which has been carried on over the southern trans-Canada highway. That road is out at Michel.

Some hon. MEMBERS: Order.

Mr. SPEAKER: I suggest that the hon. member put his question.

Mr. MERRITT: Will the minister extend the relaxation of the regulations so that the business of these trucking companies can be kept in being while flood conditions prevail?

Mr. MacKINNON: I took this matter up some little time ago when it was first brought to our attention. A general relaxation of all restrictions on trucking through the national park will be in effect until the emergency is over. We are having some trouble with our own roads, but they are being maintained and kept in shape. As long as they are in shape, and they are at the present time, trucks will be allowed to pass over that highway through the park until the emergency is over. The permission is granted a week at a time, as I have said.

Mr. MERRITT: I should like to ask a supplementary question. Speaking to the minister's department only yesterday I was told that this relaxation applies only to the movement of perishable commodities. I would ask the minister to look into it again to make sure this is not right.

Mr. MacKINNON: I can only say that the arrangement was made through the director

of national parks, the senior official in the department. He gave me the information, and he made the arrangements. However, I shall check further.

VETERANS AFFAIRS

PENSIONS TO DEPENDENTS OF PERSONNEL KILLED IN ACTION

On the orders of the day:

Mr. J. O. PROBE (Regina City): I have a question I should like to direct to the Minister of Veterans Affairs, and I have asked his parliamentary assistant to reply to it. What limitations are in effect with regard to the payment of the full 25 per cent increase in pensions to dependents of Canadian personnel killed in action and under what authority are those limitations applied?

Mr. L. A. MUTCH (Parliamentary Assistant to the Minister of Veterans Affairs): I have just had the hon. member's question handed to me. The limitations in effect are those which are in the act itself. The increase was a flat increase of 25 per cent to all those who are pensioned as of right. The limitation applies to dependent parents, in connection with which awards there has been discretionary power in the commission. In the case of a veteran himself, his wife or children, the increase is automatic.

NAILS

FEDERATED CO-OPERATIVES OF SASKATCHEWAN—SUPPLY OF STEEL RODS

On the orders of the day:

Mr. M. J. COLDWELL (Rosetown-Biggar): I was going to direct a question to the Minister of Trade and Commerce, but I shall direct it to his parliamentary assistant. In view of the anxiety of the Federated Co-operatives of Saskatchewan to supply their members with nails, can arrangements be made to supply steel rods for this purpose to the manufacturers with whom the federation is doing or expects to do business?

Mr. G. J. McILRAITH (Parliamentary Assistant to the Minister of Trade and Commerce): Perhaps I should say that the federation has been seeking to get an allocation of wire rods for nail cutting. The nail cutting capacity of the existing firms is not being used to capacity. As hon. members have noticed. there has been a sharp increase in the allocation of wire rods since June 1, but to take them away from existing firms and give them to the federation in order to start it in a new business would not seem to be a way of solving the problem, and it certainly would not provide any more nails. I shall draw the remarks of the hon. member to the attention of the minister and see that they have further consideration.

Mr. COLDWELL: Can the parliamentary assistant tell me how that fits into the free enterprise system?

Mr. McILRAITH: I would be delighted to go into that subject, but this is neither the time nor place. I think hon. members should realize that what is being done here is to attempt to have a certain provincial organization get hold of a basic raw material which is in short supply. They want to get it in their hands away from the regular channels of trade. It is a matter of seeking to destroy the existing system rather than contributing to a solution of the problem of shortage of nails.

Mr. COLDWELL: A policy of protection.

PRICES

QUESTION AS TO RECOMMENDATIONS OF SPECIAL COMMITTEE

On the orders of the day:

Mr. STANLEY KNOWLES (Winnipeg North Centre): Mr. Speaker, I should like to ask the Minister of Finance if the government is giving consideration to the immediate implementation of at least some of the recommendations of the prices committee which were approved by this house last night, particularly with respect to some controls, some subsidies and some changes in taxation.

Hon. DOUGLAS ABBOTT (Minister of Finance): The report is so recent that the government has not yet had time to give consideration to its recommendations.

CATTLE

EMBARGO ON SHIPMENTS TO THE UNITED STATES

On the orders of the day:

Mr. P. E. WRIGHT (Melfort): I believe the matter of lifting the embargo on the export of beef is under the Minister of Agriculture. I should like to ask him if he will be prepared to make an announcement before the house closes as to just what the situation is and when we may expect some relaxation on the embargo on exports of beef to the United States.

Right Hon. J. G. GARDINER (Minister of Agriculture): Mr. Speaker, there is nothing I can add to what I said on May 7 last,

namely, that the recommendation which was made to the government now rests with the Department of Agriculture. It must be evident that it would be impossible to make any announcement in advance with regard to a question of this kind.

Mr. COLDWELL: What about the Saskatchewan election?

Mr. GARDINER: I scarcely discussed it in Saskatchewan, and if my hon. friend will look at the map he will find that the only constituency in Saskatchewan in which there are a considerable number of ranches went Liberal.

Mr. COLDWELL: In consequence of the minister's announcement.

Mr. GARDINER: In other words, they show they are very well satisfied with the present policy.

The fact is that no one can make an announcement in advance about taking an embargo off cattle; otherwise there would not be any cattle delivered until the date announced. But in view of the fact that information is wanted, I call attention to the fact that in January 1947 the hog-barley ratio in Winnipeg was 19·5 and the hog-corn ratio in Chicago was 17·1. In May, 1948, the hog-barley ratio in Winnipeg was 19, and the hog-corn ratio in Chicago was 8·7. In other words, those who have now great numbers of cattle still feeding in their stalls would find that if the controls were removed immediately, the cost of grain to feed livestock would be just double what it is now.

HOUSE OF COMMONS

INQUIRY AS TO REPORT OF COMMITTEE ON PROCEDURE

On the orders of the day:

Mr. STANLEY KNOWLES (Winnipeg North Centre): Mr. Speaker, may I direct a question to the Prime Minister? Is it the government's intention to take any action this session in connection with the report on procedure which was tabled on Friday last by His Honour the Speaker?

Right Hon. W. L. MACKENZIE KING (Prime Minister): My hon. friend will have to wait and see. So far as I am aware, we have covered all the reports the government intends to bring forward at this time.

SUPPLY

The house in committee of supply, Mr. Macdonald (Brantford City) in the chair.

[Mr. Gardiner.]

DEPARTMENT OF NATIONAL REVENUE

International short wave broadcasting station—

307. Maintenance and operation, $1,711,500.

Mr. ROSS (St. Paul's): Mr. Chairman, are you taking votes 307, 308, 804 and 805 together?

The CHAIRMAN: It has been suggested by the hon. member for St. Paul's that we consider votes 307, 308, 804 and 805 together. Is that agreed?

Some hon. MEMBERS: Agreed.

308. Capital costs, $75,000.

804. Maintenance and operation—further amount required, $116,591.89.

805. Capital costs—further amount required, $3,066,400.

Mr. ROSS (St. Paul's): Perhaps the minister would give us a few details of the capital cost of $3,000,000 odd in vote 805. I think I know what it is for, probably for the purchase of the Ford hotel building in Montreal. Why does the C.B.C. want that building? I just cannot see why a building costing over three million dollars is needed in connection with this international short wave. Has this anything to do with the ordinary expenditures of C.B.C., or what is the explanation?

Mr. McCANN: Votes 307, 308, 804 and 805 have to do with the international short-wave service of the broadcasting system. Last night I think I explained pretty well what the functions of the international short wave were, and the work that was being done by that organization in broadcasting programs from Canada to different parts of the world. I explained that the money that was spent prior to 1945, when the international short-wave was opened, was money which had been voted by parliament for the original construction, and arrangements were made that the Canadian Broadcasting Corporation should operate the service for a reasonable fee percentage of the amount of money spent on the system.

That is as far as that particular development went, inasmuch as no provision was made at that time for offices, either engineering or administrative, or for studios for those who were to take part in broadcasting the programs. It was necessary to use the facilities of the C.B.C. in the city of Montreal, which is the headquarters for the broadcasting, and that was done. Our arrangements in that city have not been of the best, since we have had to have seven different locations in Montreal for C.B.C. and the international short wave. Unfortunately last January there

was a fire and an explosion at one of these locations, in King's Hall on St. Catherine street, involving loss of life and great destruction of property. It immediately became necessary to find other quarters to take the place of those destroyed. We have also run into difficulties in that our leases were expiring this year and it became necessary to look for new quarters or to renew the present leases. When it came to renewing leases we found that in Montreal as in many other cities the rates had almost doubled. It was thought that it would be a matter of good policy if the facilities of both the international short wave and the C.B.C. could be brought together in one public building. With that in mind arrangements have been made, but have not been fully completed, under which the crown is buying what is known as the Ford hotel on Dorchester street for headquarters of the international short-wave system. In the building will be housed those offices which are necessary to carry on the system. There will be administrative offices and engineering offices. The interior of the building will be converted into up-to-date studios. The C.B.C. will become tenants of the building. When the C.B.C. become tenants of the building owned by the crown in the name of the international short wave we shall have reached what we have had in mind for years, namely, the idea of having concentrated in one quarter the facilities of both the international short wave and the C.B.C.

As I said, the cost of the building is $2,000,000. In addition to that, to provide for expansion in years to come, if it is necessary, we have also purchased a building from the same people next to the Ford hotel on Dorchester street for the sum of $50,000. In order to take care of the leases which are held by tenants at the present time the Ford hotel people are looking after them and we are compensating them to the extent of $150,000. The cost of the Ford hotel, the cost of the building next to it, and the amount necessary to take care of the leases, bring the total up to $2,200,000. We are asking for an appropriation of $3,000,000 because it will take the remaining $800,000 to reconstruct and transform the building into offices and suitable studios.

I do not know that I can give any more information with reference to the matter, but I shall be glad to answer any questions that have to do with it.

Mr. ROSS (St. Paul's): I do not think anybody in Canada begrudges the money to our international short-wave system. It can be one of the greatest things for good that we have ever had in Canada in connection with trade if it is properly carried on and if the broadcasts are properly done. We are a democratic country. We must let the people of the rest of the world know what a fine place Canada is in which to live. When you listen to some of the members of the C.C.F. party to my left talk about Canada you would think that it was an awful place.

Mr. CASTLEDEN: It is getting better every day.

Mr. ROSS (St. Paul's): I find that most people look upon Canada as a good place in which to live. We should be broadcasting to the world what a fine place Canada is. I am all in favour of money being expended in that way.

An hon. MEMBER: And a good government to do it.

Mr. ROSS (St. Paul's): You will have a better government when we get into power, which will not be long from now.

Aside from this political stuff, there is one thing we should stop, and that is this farcical method of collecting radio fees. At the present time the broadcasting corporation is purchasing a building for the short-wave system. That is just nonsense because they are going to have the C.B.C. as tenants, and the people of Canada are going to pay for it. They will not get it out of the $2.50 that every radio owner is supposed to pay each year. The system does not get $2.50 from everybody. Let us cut it out. I know that the minister is anxious to cut down expenditures, but how in the world can he justify the expenditure of $571,000 to collect the licence fees? For some unknown reason—I do not know what it is—he says he wants to keep the C.B.C. free of government interference or something like that. The point is, it is not done. A person can have ten radios, and he pays a fee of $2.50. If he gets one more radio in his car he has to pay an additional $2.50.

The Minister of Agriculture probably has three or four radios in his house and one in the hotel. I have two or three around my place as well; I have one in my summer home and on my farm. All I have to pay is $2.50. What a nonsensical situation that is. I cannot understand it. I am all in favour of having a good C.B.C. We should have had a radio committee this year. It should be a standing committee. That committee should meet every session because there are many things that are dependent upon the C.B.C. There is the question of freedom of speech, which is coming up all the time. We have that question before us now.

Mr. CASSELMAN: We are getting it now.

Mr. ROSS (St. Paul's): I do not take up much of the time of the house, and I do not see why my whip should call me to order in the dying days of the session. I am in support of this, but I am referring to the principle. I shall talk on it at some other time, but not this session.

Mr. GILLIS: Is it the intention of the Canadian Broadcasting Corporation to establish a new outlet in Sydney, Nova Scotia? If so, when does the minister expect to have that station in operation?

Mr. McCANN: The establishment of a new station in Sydney is part of our contemplated program. In our next estimates we shall ask for the money to do the work in Sydney.

Mr. HANSELL: Radio has been an interesting subject to me throughout the past number of years. I rise to make only one observation, and perhaps ask a question. No radio committee was set up this year, in spite of the fact that last year and every year that the radio committee has met it has recommended that the radio committee of parliament be an annual affair. Because that committee was not set up, we have not had an opportunity to go into the receipts and expenditures of the C.B.C. and the general radio policy as it exists in Canada from time to time.

The Canadian Broadcasting Corporation is a tremendous institution. While it is in the commercial field, and is reaping revenues by being in that field, it has not yet been able to stand on its own feet. I am not making any harsh criticism, because I recognize that the corporation is doing a job which requires expenditures over and above what a properly operated radio system might require. Nevertheless, with the operation of the short wave station included, the Canadian Broadcasting Corporation is becoming a tremendous drain upon the taxpayer. I believe that somewhere along the line we have to call a halt.

I am all in favour of making Canada known to the other nations of the world. I am all for the use of the short-wave system to encourage proper trade relations between Canada and the rest of the world. I am all for letting the rest of the world know something about our Canadian culture. Many of us wish it were of a higher order, but perhaps, in a small nation of 12,000,000 people, we cannot expect too much in too short a time. I am all for these things.

When however we begin to look into the amount of money spent on the Canadian Broadcasting Corporation I am beginning to think that it is not entirely justified. The C.B.C. and the short-wave station, with its operations, are tied in one with the other. Personally I have not been able to satisfy myself, in reading any of the reports, as to where one ends and the other may begin. There is a general feeling abroad that the short-wave radio station, with its operations, being paid for purely by the taxpayers of Canada, since I understand the short-wave station has no commercial revenues—the minister can correct me on that point—everything the short-wave station does is done at the expense of the people of Canada. Some people who are interested in radio policy in Canada are coming to feel that the short-wave station with its operations is becoming a sort of cow which is fed by the taxpayer but perhaps in the end milked by the Canadian Broadcasting Corporation.

If I am not right on that I would like to be put right, but it will take more than simply an answer of a minute or so to put me right on it, because I do not believe we can get the picture until we are able to go into the entire financial policy, with receipts and expenditures and all that is involved between the C.B.C. on the one hand and the international short wave on the other.

I do not rise to oppose this expenditure, but we have a tremendous capital outlay here, most of which I fancy is for the purchase of the Ford hotel in Montreal. I want to say a word on that—and it is not by way of criticism, because I really do not feel that I am competent to criticize on that particular point. However, I will take it for granted that those who are managing this thing are doing right. I must say that I never did visualize the government taking over the Ford hotel in Montreal. I know that the C.B.C. some years ago had an option to buy a piece of property which at the time they took out the option appeared to be an idle spot. After that there was a readjustment of population, and so on, in Montreal, and they let the option go by the board. This meant that some other arrangement had to be made, but I never expected that what was going to happen would be the purchase of an old hotel. I visualized, and I recommended years ago, that Canada should have somewhere for its radio operations a sort of young radio city. I rather visualized something unique in architecture, situated perhaps in the middle of an elaborate park or other area of the kind in which art in different forms could be

exemplified—because after all, radio is to a large extent an art. Instead of that we are getting drab office buildings situated in the midst of a lot of other buildings. Personally I do not like the idea. However, there is nothing I can do about it except to express my thoughts on the subject.

I am surprised at the location of this building, which now I suppose will have to do the corporation for years to come. I do not like that. Pretty soon the building, situated where it is, will be obsolete, or, if not obsolete, not much of an advertisement for radio in Canada. I rather expected that this young radio city which I visualized in a growing nation would be situated in Toronto. Why it was decided to buy the Ford hotel in Montreal I do not know.

Mr. PROBE: Why don't you consider Regina?

Mr. HANSELL: The hon. member for Regina City says Regina might be considered. So it might, just as well as any other point. I should think it would have to be in some city, because—

Mr. COLDWELL: Well, Regina is a city.

Mr. PEARKES: There is a hotel in Victoria. Why not put it there?

Mr. HANSELL: What I mean is, whatever city is selected, it must be in a fairly large centre, a metropolis, for the reason that its operations are dependent largely on the talent that might be concentrated in a metropolitan area. That is why I suggested Toronto. I have no brief for Toronto. It might just as well be out in the glorious Rocky mountains where it would constitute a tourist attraction as well. At any rate I am disappointed that the government is buying the Ford hotel in Montreal for this purpose.

I would ask the minister to say whether I am right in saying that the Ford hotel, while being bought for the short-wave station, is simply a sort of cover. I do not think anyone will say that the short-wave service is so considerable that a hotel building must be provided. I do not think it is. The short-wave station, while serving a useful purpose, is in my opinion but a small part of our entire radio system in Canada, and I am inclined to think that this is one way of giving the C.B.C. something which it could not otherwise get. I am quite sure that if there were an appropriation of $2,000,000 or $3,000,000 for the C.B.C., even for a national home, there might at this time be some considerable opposition. I would not oppose that, because I am not one to oppose the spending of money. I think that is what money is for, to be spent. On the other hand, when it is to be taken out of the pockets of the taxpayers, they want to know that they are to get something in return. I believe that this is just a suitable way of asking the people of Canada for two or three million dollars, on the basis of a short-wave service, so that the Canadian Broadcasting Corporation may come in on the kill. I may not be right, and my language may be over expressive, but I think perhaps that is the situation.

Mr. ISNOR: I shall deal with just one item, namely the international short-wave station. In view of the important events taking place in New Brunswick, particularly in the last twenty-four hours—

An hon. MEMBER: You mean yesterday.

Mr. ISNOR: Yesterday, yes. In view of those events I am interested in the station at Sackville.

An hon. MEMBER: Good broadcasting was done there.

Mr. ISNOR: Good work was done there. During the war, and perhaps for twenty-four months afterwards, a good deal of war news of value was broadcast from that station. In his statement yesterday, the minister said that fourteen and a half hours was the average daily time that station was in use. Now that the facilities are not being used in connection with war, I would like to know what portion of the time is devoted to a function that I believe was felt to be important in the creation of that station, namely, the enlargement and development of our export trade. Has the minister a breakdown of the hours devoted to the various programs and subjects, particularly to news about the development of our export business?

While I am on my feet I should like to ask the minister if consideration has been given to the amalgamation of the C.B.C. with the national film board, or of the film board with the C.B.C., whichever way he wishes to put it. I think a merger at this time could well be considered. Whether it would be feasible in view of the coming into effect of television, and its use to a greater extent than ever before, I do not know. I notice that Hollywood is claiming certain privileges in connection with television, linking up the picture program with that of television. Has the minister given any thought to that?

Mr. COLDWELL: If the minister does not intend to answer now, Mr. Chairman, may I make a brief comment? I do not wish to delay the committee; having been away for some time, I feel that I should not now make long speeches.

I have always been interested in the broadcasting corporation. We have not had a committee on radio this year, and I shall not deal with anything pertaining to the corporation but shall confine myself specifically to international broadcasting. The amount of money appropriated appears to be large, and I believe some other hon. members feel that it is large.

Mr. ISNOR: The hon. member for Rosetown-Biggar answered me rather shortly yesterday, Mr. Chairman, and I do not wish to answer him in the same way. But I should like to have an answer to the two questions I asked, because I might wish to pursue them further before the hon. member enters into a general discussion.

Mr. COLDWELL: I prefaced my remarks, Mr. Chairman, by saying that I desired to make a few comments if the minister did not intend to answer immediately. If the minister had indicated his intention to answer immediately, I would have at once resumed my seat. I give the minister my assurance of that. I will do whatever the minister wishes me to do.

Mr. McCANN: I had thought of attempting to answer all the questions after there had been general discussion. If we were to answer them in rotation, then the hon. member for Macleod should have his answered first.

Mr. COLDWELL: Very well; I shall continue. What I started to say was this. While the amount may appear to be large, and it is a large amount, I believe the expenditure on the international broadcasting station is warranted. Those of us who have followed the activities of this station know that it is giving to the people of the world an idea of Canadian life and culture; but I feel that it has rendered a more valuable service even than that during the last couple of years.

Our international radio station is one which is heard over a larger part of Europe than any other station in North America. For instance, I know from evidence that was given before the radio committee last year that in Czechoslovakia we have the largest group of listeners of any radio station that penetrates into eastern Europe. At this time, without indulging in propaganda of the type to which we are sometimes subjected, the fact that we are able to penetrate into countries behind what is sometimes called the iron curtain is all to the good. In doing that I think the station is rendering a useful service, not only to Canada but to the democratic cause throughout the world. To the extent that we are able to do that we are keeping in touch with people behind the iron curtain who are our friends and who feel that they are plowing somewhat of a lonely furrow. Consequently anything we can do, through our culture programs and so on, in eastern Europe, indeed all of Europe, will be a valuable service to democracy the world over.

I am glad that several years ago, after a great deal of discussion in the radio committee, the government built the station and the corporation assumed the responsibility for its programs. I am quite sure that if we had a radio committee this year and the members of the corporation appeared before it, they would be able to tell us again the reaction throughout Europe and the rest of the world where the station is heard, and could give us an impressive list of persons who had been engaged and who, because they are refugees to a large extent, must be remunerated. It is one way of doing what I think we should try to do: we should endeavour to assist people in our country who have suffered for the common cause by enabling them to perform a useful function to Canada and to their native land. For that reason alone, if for no other, we should support the international broadcasting station.

Someone suggests that we might get some commercial revenue. I do not think that is possible with an international station. For one thing, in many countries a good example was set in not permitting commercial advertising over the radio. Those countries would resent it if a North American station advertised for sponsors in their countries. I regret exceedingly that the broadcasting corporation this year has changed its policy in that respect, by allowing prices to be mentioned under certain circumstances. I think that is a backward step; had there been a radio committee this year we should have reported adversely upon it. It is unfair to the small merchants, because it places them more and more in the hands of the big companies which can buy advertising in considerable quantities.

So far as short wave is concerned, from what I know and what I have learned from persons who have spoken to their own countries after certain things have happened there, I am convinced that this radio station is rendering a valuable service and that we should support it—if we are anxious, as I am sure hon. members are, to do all we can to encourage and to support the friends of democracy who today are under dictatorships in various parts of the world.

Mr. FLEMING: If we had known earlier in the session that this program of expansion in connection with short-wave facilities was contemplated, we would certainly have pressed for the setting up of the committee on radio broadcasting. But we did not know about it. The matter has come to the attention of the

house only in recent days. The question of the purchase of the Ford hotel in Montreal was scouted in this chamber only about two weeks ago. I asked a question about it, based upon some information which had appeared in the press, and I was told that the information was not correct. Further information has appeared subsequently in driblets, and it is only now, within the last several days, that we have had a statement as to the details of the purchase.

A matter of this magnitude, involving the policy of the Canadian Broadcasting Corporation and of the government with respect to short-wave broadcasting, warranted the setting up of the radio committee. Certainly many of the members who had been on radio committees in previous sessions, were pressed with a multitude of other duties, and were not aware of any extensive change in policy on the part of the Canadian Broadcasting Corporation. Under these circumstances it perhaps did not seem necessary that the committee be convened to meet again this year. Had we been told at an earlier stage of the session that expenditures of this magnitude were contemplated, that changes in policy were involved, or that an expensive building in Montreal was to be purchased, certainly it would have been the duty of the house to press the government to set up the radio committee.

I am not commenting in detail upon the terms of the purchase. Without more information I would not feel competent to express an opinion, although I am inclined to share many of the views expressed this morning by the hon. member for Macleod. But I do say that a transaction of this magnitude should not be permitted without having first a review by the radio committee.

Mr. McCANN: Why did you not have the committee?

Mr. FLEMING: I do not seek necessarily to bring into disrepute the policy embarked upon. But I believe it is the duty of the House of Commons to concern itself in these matters, to know about them, to inquire into them and to satisfy itself as to the necessity of expenditures and the desirability of changes of policy involved.

Mr. MACDONNELL (Muskoka-Ontario): I should like to underline what has been said by the hon. member for Eglinton, which I think is very true. Here we face another large expenditure which comes to us without any opportunity to discuss even the principle involved. I find myself in agreement with what was said by the hon. member for Rosetown-Biggar with respect to the use of the international radio. The only comment I have to make on that is that in this strange world, where we hardly know who can be disaffected and who can not, the authorities ought to know very well who the foreigners are that they employ to broadcast to the various countries—because we have a lot of wolves in sheep's clothing these days.

What I have to say further has reference to what was said by the hon. member for Macleod. I hope the minister will tell us to what extent this will help indirectly the C.B.C. That aspect is important. Those of us who have regretted, and still regret, the building up of this great monopoly, view with increasing uneasiness the way in which it goes on acquiring more and more properties. This further aspect of it is in one's mind—and for the life of me, I cannot understand what the press is thinking about, because as soon as we get radio newspapers, and they become effective, this great and centralized system of propaganda will have been established.

Let me say quickly that I believe the C.B.C. try to be fair. I am sure they believe they are being as independent as can be. I have no doubt they often think they are leaning over backwards to be fair. But in my opinion it just is not humanly possible for any government controlled corporation to be absolutely independent of government. It just does not happen that way.

Mr. McCANN: I shall try to deal with some of the points raised by hon. members. The hon. member for Macleod and the hon. member for Eglinton have made reference to there not having been a committee on radio broadcasting this year. The blame in that regard cannot be placed upon the government. We had a motion ready and had our own representation named to it. We asked opposition members to name their representation to that committee, and they indicated to us that they did not think it was necessary or desirable to set up a radio committee this year.

Mr. HANSELL: That is absolutely mistaken.

Mr. McCANN: It is a fact.

Mr. KNOWLES: It does not apply to this group.

Mr. McCANN: The official opposition.

Mr. KNOWLES: Say "the official opposition", then.

Mr. McCANN: Yes, the official opposition.

Mr. MACDONNELL (Muskoka-Ontario): Was there any suggestion that there was anything to discuss?

Mr. McCANN: There is always an agenda of business at yearly meetings. I was chairman of the committee on radio broadcasting on a number of occasions, and, I believe, among the first to advocate annual sittings of the committee. I still adhere to that policy, that there should be an investigation each year. But if you cannot get a party to nominate members to take their place on a committee, then you cannot go along without them.

I wish to refer to some of the matters dealt with by the hon. member for Macleod, and I would turn first to the purchasing of a place in Montreal in which to carry on business. I submit that from a business point of view this is an excellent purchase. What the hon. member for Macleod has in mind would, I have no doubt, be pretentious and artistic, and would involve an expenditure of two or three million dollars. Of course I would like to have something like that if it were possible to get sufficient by way of appropriation. I would like to have an elaborate radio centre, and I had in mind in former years that it might well be established in connection with some university. However, that has not come to pass. The fact that we were up against it to such an extent for office quarters in Montreal made us look around for a building which would take the place of the studio from which we were both burned and blown out, and of premises for which our leases had expired.

We are not buying an old hotel. We are buying a good structure, built of steel and cement. It is fireproof, and lends itself to reconstruction to the point where it will meet the needs of broadcasting for many years to come. I submit that the price we are paying is fair. I had an examination and appraisal of the building made by our own and independent officers. I know the amount of the mortgage that was on the building and by whom it was held. Their appraisal of the value of the building is exactly what we have paid for it. We are paying $2,000,000 and we were first asked $2,800,000.

Mr. MacNICOL: You could not build it for $2,000,000.

Mr. McCANN: That is just the point I am making. That works out at about 99 cents per cubic foot, and you could not replace a building of that type in Montreal for less than $1.55 a cubic foot. In the case of a new building we would not have occupancy much before two years, whereas in this case we will have occupancy on September 15.

[Mr. Macdonnell (Muskoka-Ontario).]

Mr. FLEMING: Do you not have to make alterations?

Mr. McCANN: I said we would have occupancy on September 15, but that is the date we will begin our operations, and we should have occupancy about the first of the new year, 1949.

Mr. FULTON: I bet you will not.

Mr. McCANN: Those figures and dates have been given to me by competent people. Some suggestion has been made here that the C.B.C. are using this as a sort of underhand method in order to benefit their own case. That is not in accordance with the facts. If there has been a milch cow in this whole proposition, it is the C.B.C. They had the facilities, they had the people, they had the offices, they had everything that goes with radio broadcasting, and all these facilities have been given to the international short wave without any cost. The boot was on the other foot.

We propose that the crown in the name of the international short wave will become the owners and the C.B.C. will continue to be paid for the services they render to the international short wave. They will become tenants of the building, and along with other people who rent concessions and the like they will provide revenue which will be offset against this expenditure.

With reference to the matter brought up by the hon. member for Halifax, I may say that news is part of all the services and occupies about half the time in each language. A great deal of our time is given to programming and dealing with matters affecting trade and commerce. We are in direct connection with the Department of External Affairs and the Department of Trade and Commerce in the matter of broadcasting anything which they might want to have broadcast.

Mr. ISNOR: Can the minister give a breakdown of the number of hours?

Mr. McCANN: No, I have not that information available at the moment. We broadcast for the united nations for two hours every day through the week except on Sundays. What goes on at the meetings of the united nations in New York is transcribed and transmitted to eight or ten countries of the world.

Perhaps I should deal briefly with the matter raised by the hon. member for St. Paul's. He wanted to know why this could not be done without the collection of fees. Certainly it could be done without a fee if this or any other government or parliament would be ready to appropriate millions of

dollars, as they do in the United Kingdom, to carry on the B.B.C. The B.B.C. charge a fee of £1 and they have 11,000,000 listeners. They get $44,000,000 from the public through licence fees. In addition the British parliament appropriates $18,000,000, so that they have $62,000,000 or its equivalent with which to do their broadcasting. They do no commercial work whatever, but they do a lot of international broadcasting in order to keep people in the democratically inclined countries of Europe and Asia in touch with what is going on in the democratic world. We could adopt a policy of that kind, but from what I know about parliaments I think it would be pretty hard to change to a policy where you would need appropriations of millions of dollars each year in order to carry on broadcasting.

I am going to say just one more word. I outlined the program two years ago when we asked for a loan of $2,000,000. I said at that time that we contemplated spending about $9,000,000 or $10,000,000 in order to establish facilities from one end of the country to the other and in order to take up frequency channels which had been allotted to Canada for high power development, and also in order to establish radio centres. So far as Toronto is concerned, may I say that it is contemplated that a radio centre will be established there later. We started off with Montreal because that is a metropolitan centre and the largest city in Canada. It more nearly meets the requirements we have because it is closer to the Sackville international short-wave station.

Mr. FULTON: I should like to make one comment with respect to the setting-up of the radio committee, and then ask some questions. First, may I make it quite clear that I accept no part of the responsibility for having said that we did not want a committee set up. But I would point out to the minister that there were a large number of committees this session, and for some reason they seemed to have more work referred to them than has been the case in past years. Unless there was an announcement of some major change in policy it was therefore natural to feel that perhaps there would be no need for the usual C.B.C. committee to be appointed. Certainly the impression we had was that the C.B.C. was carrying on under settled policy which had been fully discussed by the past committees, and it was not until the last three weeks of the session that we found out about this purchase of a building for the international short-wave station, and also the intention to co-ordinate the various offices in Montreal. That is an entirely new departure, so far as we were aware. It is not logical to say that had we known that anything of that sort was contemplated we would not have insisted on the radio committee being set up. It was because we did not know that until the last three weeks of the session that we did not ask that the committee be set up.

Perhaps the minister has given the information I am about to ask for. What amounts are being paid for leases in Montreal?

Mr. McCANN: Yes, I gave that.

Mr. FULTON: Who will be the chief tenant of the building? I understood the minister to say that the crown will own the building and the C.B.C. and the international short wave will both occupy it. Who will administer the building? Will the C.B.C. be in charge of and administer any part of it and rent to the short-wave station, or vice versa?

Mr. McCANN: It will be administered by the C.B.C. The occupants will be those people who are connected with the short-wave system and the Canadian Broadcasting Corporation. The engineering requirements in Montreal are considerable because they have to do with developments all over Canada. The C.B.C. engineers have built all the equipment which was necessary in the development of these high-powered stations. Considerable space will be taken up by studios which will be used jointly by artists of the international short wave and the C.B.C.

Mr. FULTON: The point is that the building is definitely going to be used by both the C.B.C. and the international short wave?

Mr. McCANN: Yes. They are to be brought together and centralized in the one building.

Mr. FULTON: In addition to the capital expenditure that is being made there is a considerable increase over last year in the operating cost. It works out to an increase of $259,831. Can the minister explain how operating costs have gone up, in view of his statement that C.B.C. were cramped for space? I find, for example, $90,000 for postage, printing and stationery, which seems a tremendous amount under that one head.

Mr. McCANN: One of the reasons for the increase in operating costs is that, despite the fact that we were overcrowded, we added three new services in international broadcasting, using three more languages. You have to have people who can speak Spanish, Portuguese, Russian, Italian, French, English and all the rest, and they charge pretty good fees.

Mr. FULTON: Why do we not get any compensation from the united nations when we broadcast for them?

Mr. McCANN: That has never been considered a commercial proposition. We regard it as Canada's contribution to the united nations to let them have the use of our facilities without charge.

Mr. FULTON: Do we get credit for that fact when the program is put on the air?

Mr. McCANN: Absolutely; that is announced. Within the last few months we have received over 40,000 communications from various countries telling us how much they appreciated the service that was given.

Mr. ISNOR: Is it the intention of the minister to reply to the inquiry I made about the amalgamation or merging of C.B.C. with the national film board?

Mr. McCANN: I do not think the government has given consideration to amalgamating the C.B.C. with the national film board. They are two entirely different set-ups. The Canadian Broadcasting Corporation is the property of those who pay licence fees for receiving sets and of commercial firms who pay licences. That includes about 95 per cent of the people of Canada, because our coverage is between 95 and 97 per cent of the homes of Canada. That is in an entirely different position from the film board, which is maintained out of the taxes of all the people of Canada. It was an agency set up to create and distribute films. The Canadian Broadcasting Corporation, according to the broadcasting act of 1936, is an entirely separate corporation responsible not to the government but to parliament. They operate wholly-owned and wholly-controlled public systems of broadcasting. The national film board was set up under the National Film Board Act, and it is there to do sponsored work for different departments of government and such other work as the board, which is representative of all parts of the country and of all the services within the government, may be directed to do.

Mr. ISNOR: My impression was that the same principle applied to the international short wave system, which is paid for by this country at large, as applies to the national film board. But I do not wish to pursue the matter further at this time.

Mr. HANSELL: When I spoke before I mentioned, just in a casual way, that the radio committee had not been set up this year, and that because no committee had been set up there were perhaps many things upon which we were not sufficiently informed. The minister, when he replied, seemed to indicate by what he said, and perhaps also by the inflection of his voice, that it had been the government's desire to have this committee set up, that it had the motion all ready and its own members allocated to the committee, and that then, just as they were about to ask for its appointment, those on the opposition side expressed themselves as against setting up the committee this year. That is the impression the minister left upon the house. I consulted with the leader of this party, the hon. member for Peace River, and he says he knows nothing about that.

Mr. McCANN: The official opposition.

Mr. HANSELL: The whip of the C.C.F. also knew nothing about it. So the Conservative party may have to take the responsibility for there not being a radio committee this year. Maybe we did not need one. But that is not the point. The impression has gone out across this country: Oh yes, the government wanted a radio committee set up, but nobody else wanted it. That is not so. If the truth were known—and the official opposition can speak for themselves—perhaps the government came along in the dying hours of the session when there was no proper opportunity for a fair inquiry, and the official opposition may have said so.

I want to ask a question about the building the government have purchased for the short-wave service. It is a crown corporation. The C.B.C. are going to pay rent for the use of it. Did the government consider the advisability of asking for this appropriation for the Canadian Broadcasting Corporation so that they would own the building and it would be an asset of the C.B.C.? They could then charge rent for the operation of the short-wave system.

I believe that the national film board and the C.B.C. are big enough to require the attention of a separate minister. In saying that I have no desire to reflect on the Minister of National Revenue, who is a good minister and has done a good job, but I believe that these two branches of government, the C.B.C., which is a crown corporation—there is no disputing that, although there may be some legal technicalities about it—and the national film board; these two branches of our Canadian life—let me put it that way—have grown big enough to require the attention of a separate minister. I think that would make it a stronger department. As it is now, the Minister of National Revenue, whoever he may be at the time, is a mere figurehead, a sort of connecting link between

the government and these two institutions, the national film board and the C.B.C. They run themselves and perhaps run the minister, rather than the minister giving them instructions. That may be a good thing; I do not know. I should think it would be better to have our government organized in that way. Perhaps the minister will comment on my second point.

Mr. PEARKES: I have a brief question to ask which I think could properly be asked under one of these items. During the war the C.B.C. rented a private station in Prince Rupert known as CFPR, and were able to broadcast to that locality the various programs of C.B.C. These programs were carried by a communication system which was provided by the government during the war. I understand that the C.B.C. still leases CFPR in Prince Rupert, but the citizens of that locality get a very modified C.B.C. program. There is some difficulty in getting the programs broadcast although they are taken to the Prince Rupert station. I am told that it is because it has been necessary to lease the lines which were constructed during the war.

A year ago when consideration was being given to the disposal of these lines I asked whether the service would be made available to the people of northern British Columbia, so that they would not lose anything that they had gained during the war. I have a letter from the radio committee of the chamber of commerce of Prince Rupert in which they inform me that while the programs actually reach the station, they are not broadcast. I refer to programs such as the Imperial Oil hockey broadcast. These programs are not broadcast to the people of Prince Rupert although they are actually in the station. Will the minister tell me why these programs cannot be broadcast, or will he take steps to see that they are broadcast in the future?

Mr. McCANN: The answer to that question is entirely a matter of costs. To hire the transmission lines to put the programs from Prince George to Prince Rupert would cost $30,000 or $35,000 a year. That has not been worked out, although they get some of the programs because the Canadian National Railways transmit them over their lines to their own employees who are listening.

The DEPUTY CHAIRMAN: Order. The item before the committee has to do with international short-wave broadcasting, maintenance and operation. A general discussion has taken place under the general administration item. We do not want to go over that again. We should confine our remarks to the items under discussion.

Mr. PEARKES: I submit that this is in order because it is an international broadcast. We are right on the frontier of Canada between British Columbia and Alaska.

The DEPUTY CHAIRMAN: Has it to do with the international short-wave broadcasting station?

Mr. PEARKES: I think so. It is heard in Alaska. Both the citizens of the United States and the people of Prince Rupert are interested in these hockey broadcasts; therefore the matter is distinctly international.

The DEPUTY CHAIRMAN: Are hockey games broadcast over the short-wave station?

Mr. ADAMSON: I do not know whether these two questions were covered last night. In view of the cramped hotel space in Montreal was it necessary to have the international broadcasts concentrated in one centre rather than build part of the engineering and other facilities outside of the city?

I should like to have some idea of the pattern of the short-wave programs which are broadcast from Sackville. I have heard them in the West Indies. There are two or three services and a special beam to the West Indies and South America. There is another beam to the continent of Europe. I have not been able to find out whether a statement has been made on that to the committee. The committee would be interested in knowing, not just the countries to which we broadcast, but the flexibility of the station. How far are the broadcasts beamed, and what countries receive them? What reaction has the government received from the countries to which these broadcasts are beamed? I know that the United States station "Voice of America", which is a station similar to ours, although they have one in San Francisco and another on the Atlantic seaboard, receive favourable reports on their broadcasting. As a matter of fact they are so favourable that I understand the Soviet union has taken steps to jam their signals as they come through the iron curtain or the dividing line between the east and west of Europe. Some statement on that should be given to the committee at this stage.

Mr. McCANN: Most of the information along that line was given last night. I may say that we can broadcast to any part of the world. The united nations have asked particularly that our service be used because they get a clearer signal throughout the world from the station at Sackville than they do from any other.

Mr. ADAMSON: The Sackville station can be heard anywhere in the world?

Mr. McCANN: Yes.

Mr. ADAMSON: Has the minister reports?

Mr. McCANN: That is what is reported to us.

Mr. ADAMSON: The minister has not answered my first question, with regard to the situation in the city of Montreal.

Mr. McCANN: The first question had to do with the hotel situation in Montreal. There is plenty of that type of hotel service in Montreal, so that our taking over of the Ford hotel does not increase any shortage that there is in that regard.

The second question was whether it was necessary that they should be together. No, it is not altogether necessary that all the facilities be together, but it is much more convenient and much more economical than having them spread over different parts of the country.

Items agreed to.

DEPARTMENT OF PUBLIC WORKS

327. Departmental administration, $246,607.

Mr. MacNICOL: There is nothing in the estimates of the public works department pertaining to great lakes levels, particularly lakes Ontario, Erie and Huron. Since the high water levels of these three lakes, and particularly lake Ontario at the moment, are a matter of major importance, I felt I should raise the question at this time.

Across the front of the great city of Toronto lies what was in my day, when I used to visit it, as I did many hundreds of times, a most beautiful island. No finer public park existed in Canada than Toronto island as it was some years ago. When one recalls seeing over there thousands upon thousands of mothers, scores of thousands of children, all gathered there for the good of their health; when one remembers the thousands of picnics that were held on the island by residents of Toronto many years ago, one wonders why it is that today the island is in such a deplorable condition.

I was over there a few days ago to check up on my past observations, and I am exceedingly sorry to say that the high water level of lake Ontario is now ruining that beautiful island, so that unless some major reclamation program is initiated it will be washed away. At the moment the latest report for the month of June indicates that the water level of lake Ontario, that is to say, Toronto harbour, is at the almost unprecedented height of 248·15 feet above sea level, the highest level in the history of the lake since 1860, except in July 1947 when it averaged 248·81.

What can be done I am not going to say. I may offer suggestions, but I am quite aware that the problem is a great one. On the island itself, comprising about 800 acres, there were many years ago beautiful lagoons on which the residents of Toronto used to pass their time in pleasure boats, and in my time many thousands of people spent the summer in cottages on the island. Unless some change takes place in the Ontario lake level, all that will be a thing of the past, and it will be a serious matter for the great city of Toronto.

Not only does this apply to Toronto island; the same is true all along the three lakes. Look at Burlington beach, where many hundreds of houses were built; today they are more or less under water. One sees the same thing all along lake Erie up around Erieau, where I went recently to see the effect of the high water level. But the damage is not confined to the Canadian side; one can see the same thing on the United States side. I am afraid there will be a great deal of trouble.

In 1941, if I remember rightly, I brought up the question of lake levels in the House of Commons, and I predicted then what would happen as one of the results of the diversion of a very large volume of water from the Albany river watershed into the St. Lawrence river watershed. I predicted then that not only this government but the government of the United States would face thousands of legal actions for the destruction of private property, and that is what is coming to pass.

On March 10 of this year an organization known as the Lake Shore Erosion Association held a conference in Toronto. So far as I can estimate from the report, which I have in my hand, between sixty and seventy-five municipalities along the shores of lake Ontario, lake Erie and lake Huron, attended to lay before the conference the troubles which each was having from the constantly rising lake levels. Many resolutions were passed, one of which I will read, No. 7:

> Resolved that this organization ask the provincial and federal governments to instruct their engineers to make a survey of erosion on the great lakes and report with a recommendation for remedy; and that in this report be included a report on the effects of the Ogoki and Albany river diversions on the level of the great lakes.

It was about the probable effect of the diversion of waters from the Albany river watershed into the St. Lawrence river watershed that I spoke in 1941 when I predicted that precisely what is happening now would take place. The delegates who framed this resolution probably had before them a pamphlet

I wrote in 1939; for I sent copies of it to many of the municipalities along the great lakes who have written to me on the subject. The pamphlet is called "Water". I gave a copy of it to the minister this morning and I shall be glad to give copies to other members. This pamphlet is a treatise on lake levels. I have travelled over these lakes from one end to the other, as well as to their sources and to the sources of the rivers that flow into them; I know therefore what I speak about. In the pamphlet I discuss the lake levels and the flow of water into these lakes.

This report mentions the Ogoki and Albany rivers. The Albany river watershed is in northern Ontario, flowing from west to east. It is a big river, between 500 and 600 miles long. In some places it is a mile wide. Its principal tributary is the Ogoki river which is about 500 miles in length. I have been on that river from one end to the other. The Ogoki river has an average flow of 4,000 cubic feet per second throughout the year, which means that in the spring the flow goes up to anywhere from 10,000 to 20,000 cubic feet per second, while in the summer it goes down to perhaps 1,000.

Some years ago I took a trip to Chicago, and engineers of the United States government whom I visited said some things that surprised me. At that time I was fighting against the diversion of water from lake Michigan out of the St. Lawrence river watershed into the Mississippi river watershed. Chicago wanted more and more water. At that time they were taking about 12,000 cubic feet per second out of the St. Lawrence river watershed and pouring it into the Mississippi river watershed.

I had gone there to discuss the problem with them and they told me that we would not have to worry very long because they would get all the water they wanted from northern Ontario. That was something utterly new to me and I asked, quite innocently, where they would get it from in northern Ontario. They replied that they expected to divert the waters of the Ogoki river. I hurried back to Toronto and later arranged a trip to the Ogoki river with Mr. Roy Snider of the Toronto *Telegram*, a wizard in this line of business. We found the place on the Ogoki where the dam was to be located.

Later the question came up in the House of Commons of the Ontario government's proposal to pour more water down the Nipigon river, and I fought that like a tiger. I fought as hard as I could, and for a considerable time I was instrumental, I believe, in preventing the passage of that proposal through this house. Finally, however, this government allowed the Ontario government to do what I argued was an act against the laws of God, in the diversion of water from one large watershed into another watershed; because in my opinion the waters of the Albany river should not find their way into the St. Lawrence river watershed. But the government finally did agree to the diversion of water from the Albany river watershed into the great lakes, the argument being that it would allow them to develop much more power. I often think of the engineers with whom I was associated at the time we were fighting the diversion of water at Chicago, and of their strong argument that the diversion of that water lowered the levels of lakes Ontario, Erie, Huron and Michigan. I agree with them; they were absolutely right. It amuses me now to hear what some of these same engineers say today. In fact it passes my comprehension how they can say that the pouring of water into the great lakes watershed does not raise the lake levels.

What has happened? At that time, and for quite a length of time before, those who were fighting the Chicago diversion put up a strong battle. They had associated with them all the states along the United States border, including Wisconsin, whose engineers were most vigorous fighters and whom I visited on several occasions at their capital, Madison. Their arguments were strong that the diversion of water at Chicago, which at that time was at the rate of 12,000 cubic feet per second, seriously lowered the levels of the great lakes, and they were right.

Some hon. members will recall the story of that battle, and how it resulted in the United States government agreeing, in order to appease Chicago, to build under the city of Chicago a tunnel perhaps twenty-five miles in length and twenty-four feet in diameter, from the sewage disposal works in the north part of Chicago. The result was that the effluent of the sewage disposal works would pour into the Des Plaines river and go on into the Illinois and down into the Mississippi. That tunnel cost perhaps $150 million. The United States did that so that Chicago would permit them to agree with Canada not to take so much water out of the great lakes watershed; and the United States supreme court issued an order that Chicago should reduce its takings to 1,500 cubic feet per second for dilution purposes. But the city itself was allowed to take for domestic purposes from lake Michigan an additional 2,000 cubic feet per second, or rather the city is now allowed to take a total for dilution and domestic purposes of 3,500 cubic feet per second instead of what they had been taking, 12,000 cubic feet per second.

From the Canadian side, from the immediate watershed of the Nipigon river, which includes Nipigon lake and a string of lakes up north over the height of land, and from the Kenogami watershed, the Kenogami being a tributary of the Ogoki, we are now pouring into the great lakes watershed 5,200 cubic feet per second, 1,200 cubic feet per second from the Kenogami and 4,000 cubic feet from the Ogoki. Chicago, as I said a moment ago, is allowed to take out at the moment at the rate of 3,500 cubic feet per second, which makes a net increase in the water flowing into the great lakes watershed of 1,700 cubic feet per second. Some hon. members will say that does not amount to a great deal of water, but I say it does. It amounts to a vast volume of water when you realize that it goes on every second of every minute of every hour for 365 days in the year. Actually it amounts to 164 billion cubic feet of water per year. I will not listen to any engineer who says that the flowing into the great lakes watershed of even an additional 50 billion cubic feet of water per year does not mean anything. It does. All these municipalities along the great lakes are alive to that fact.

I read a moment ago resolution No. 7, in which the reference to the Albany and the Ogoki impelled me to show that from these two rivers we are pouring into the great lakes watershed an additional 1,700 cubic feet per second.

Resolution No. 8 reads as follows:

Whereas it is the opinion of this association that the removal of sand from the beds of the great lakes system contributes to and aggravates the erosion taking place on the shores of the said great lakes and whereas the control of the beds of the lakes is within the province of Ontario.

Mention is made of the question of sand removal, because everyone knows that at east Toronto we have those magnificent Scarboro Bluffs which are being ruined by erosion. West of Toronto all the way to Hamilton, including such places as Port Credit, Long Branch and all along the northern shore of lake Ontario, the shores are being ruined by erosion. The problem of sand is mentioned there because the city of Toronto at the moment is considering this gigantic problem in connection with the destruction of its own beautiful island. The last day I was there I had to walk on planks where we used to have all sorts of ball games and all sorts of parties. Sand is mentioned because the city of Toronto has under consideration—I do not know who is fathering it—the raising of the level of Toronto island by two feet. It is a big problem. Toronto island consists of 800 acres. To raise that 800 acres by two feet would require about 80 million cubic feet of sand.

This association is fearful of the pumping of the sand from the lake into the area to build up Toronto island. I shall not make any comment on whether that would mean trouble or not, but I mention it because the Department of Public Works has control over all that area, and it is a problem. Certainly the island must be raised two feet to make it serviceable at all, or else some other major action must be taken.

I want to give some idea of the effect of this diversion. I do not say for one moment that the diversion is the whole cause. Someone will tell of other causes. But to me it is one of the major causes, because I have been at it a long time; I know that the pouring into the great lakes watershed of a net of 1,700 cubic feet per second is bound to have an effect. It may not happen all at once. It took a long time coming up, and it will be just as long going down. I believe that the present water level of lake Ontario is not going down very rapidly. As a matter of fact, with the exception of July 1947, it is higher this year than it has been in any previous year since 1860, when the records were first kept. For instance, according to the topographical report I have in my hand, in May 1948 the height of water was 0·37 feet higher than it was in April 1948. It was 0·45 feet higher than May 1947. That is about half a foot higher. It was 0·79 feet lower than the highest May—that of 1870—since 1860. In July 1947 it reached 248·83, and today it is 248·15. It was 4·27 feet higher than the lowest May since 1860, which was in 1935. In other words, the water level of lake Ontario today is five feet higher than the lowest record. That is a gigantic volume of water. I am particularly interested in the preservation of the beautiful island at Toronto, in my judgment one of the finest parks in the world. But today it is being ruined by these high water levels.

These figures are obtainable from the hydrographic service, and they must be correct or they would not send them out. In May of this year in lake Ontario it was 1·54 feet higher than the average stage of May for the last eighty-eight years. That is a pretty high record. It is stated that the cost of raising the island two feet would be $3,000,000. Who will pay for it? Certainly the city of Toronto should not have to pay for it. Why should Toronto have to pay for it? The city is not responsible for the pouring of water into the St. Lawrence watershed from the Albany river watershed.

Let me repeat that for years I fought against the Chicago drainage canal diversion being allowed to take out as much water as it did, and these engineers were fighting the Chicago diversion when I argued that taking that water out lowered the lake level. If those engineers were right then, certainly they are wrong today if they say that the pouring of 5,200 cubic feet per second into the great lakes watershed does not affect the water levels of the great lakes. I know that the level of lake Superior is controlled, and I am not speaking about lake Superior. But in respect of the three lower lakes, I maintain that there is no other argument than that the pouring in of that big volume of water has had a bad effect. The fact that Chicago does take out 3,500 cubic feet per second means a net increase in the water of the lower great lakes of 1,700 cubic feet per second.

The fact that these levels are so high is clear evidence that they are affected. Other engineers say that the general tendency will be up. What is to be done about it? What can the department do? I do not know; but I would ask the minister between now and the next session to look into the question, through his engineers. Someone will say it is only half an inch or an inch. But it is always going up. It cannot be allowed to continue. What is the use of Toronto paying moneys out this year to raise the level of the island in front of the city—and no doubt the city will expect the federal government to pay for it—if in another ten years, owing to the continual ingress of water from the Albany river watershed into the great lakes watershed, you have to add another two feet to the top of it?

It is a big problem. I appreciate the minister's allowing me to bring it up at this time; I do not wish to continue any longer, because I want him to finish his estimates. I would however ask him to consider carefully what I have placed on the record, and I would ask that he be not led astray. Let no one tell the minister that the pouring in of that amount of water does not have any effect upon these levels. It has. All he has to do is to check back to the reports submitted by the Hydro Electric Power Commission of Ontario, by the city engineering department in Toronto, and by other engineering bodies, at the time of the fight against the Chicago drainage canal, and he will see that the engineers argued that the taking out of the water at Chicago did lower the lake levels. I shall be amused if they try now to say that the pouring in of additional water does not affect the lake levels. The report showed that the levels are higher today than they have been in the past eighty-eight years.

Mr. FOURNIER (Hull): Had I the experience of the hon. member, and had I visited all the rivers he speaks about, perhaps I could put aside the reports I receive from engineers and take the same stand as he does. But I have to admit my lack of knowledge in these matters, and have to rely upon the reports given to me by the engineers in my department.

If I followed well the hon. member's argument, he has said that the diversion of the natural flow of water into the great lakes has brought the levels of those lakes up to an extent that damage is caused to the shoreline and to the island at Toronto. Having explained this to the officials of my department, I received the following answer this morning:

It has been claimed that the high water on lake Ontario is caused partially through a diversion of water from the Little Long Lac watershed and the Lake Nipigon watershed. It is true that water is diverted on to the great lakes system from these two watersheds in the amount of approximately 5,200 cubic feet per second; i.e., 1,200 cubic feet per second in the case of the former and 4,000 cubic feet in the case of the latter. This diversion has been going on for approximately four years and it was legalized through an exchange of notes between Canada and the United States, wherein it is admitted that the use of this water for power is solely the property of the Canadian government and is not to be divided equally as is the case with the rest of the water in the great lakes.

In 1941 when these notes were exchanged it was computed that the diversion would never raise lake Ontario more than three inches, and in order to arrive at this point it would take approximately twelve years. In order to arrive at this figure it must be noted that the small diversion, which is only three per cent of the total flow, will have to assert its influence on each of the lakes in advance of lake Ontario, and it must also be noted that once it has arrived at this predetermined figure of three inches the flow through the St. Lawrence will have been increased to a point that this extra water will not raise the level of the lake any further.

These figures have been checked by the dominion, the province and the United States authorities and, while there are some discrepancies, they all arrive at the same point of a variation of an inch only.

They were checked this morning as to accuracy with the Ontario hydro.

The water level for lake Ontario during 1947 was extremely high, the July average being 248·8, which is the highest it has been since records have been kept. The average for June this year, to date, is nine inches lower than that of last year.

I am told that this increase in the water level would depend more upon natural causes than the diversion of water. Not being an expert I have to give this answer to the hon. member. I do not ask him to agree with

it because I know he has a lot of experience. However, I think he will understand my position when we are discussing the level of the waters in these lakes.

Mr. GRAYDON: Mr. Chairman, I represent a constituency that is west of Toronto. It is keenly interested in the problem of erosion of the shores of lake Ontario. The hon. member for Davenport has made a long, careful and diligent study of matters relating to erosion and like things, but I feel that perhaps I am in a similar position to the minister in that I have to rely upon reports that come to me from outside sources. I am neither an engineer nor an expert on a matter of this kind, nor are my constituents. Perhaps because of that I can better represent them in discussing it.

At Port Credit the erosion is creating a real danger. It was because of that that the municipality of Port Credit and the township of Toronto, which forms part of the shoreline of lake Ontario and which surrounds Port Credit, joined with other municipalities to see if something could not be done during the fall of last year. I attended two erosion conferences held in the city hall, Toronto, and a further conference which was held at Port Credit in December, at which a large number of municipalities along the lake Erie shore and the lake Ontario shore were represented. As the hon. member for Davenport properly pointed out, it was on that basis that the foundation was laid for the lake shore erosion conference which was held in Toronto on March 10.

During all these meetings keen interest was shown by every delegate from the different municipal bodies. I should also note the fact that the name of the hon. member for Davenport came up quite regularly during the discussions, as one who had given a great deal of his time and who had provided much support to the organization which was set up to attempt to relieve the anxious situation facing the municipalities along these shorelines.

If the minister could only see the situation at Port Credit he would realize that such large portions of the shoreline are being torn away that houses and other permanent structures will fall right into Lake Ontario unless they are reinforced. The situation is causing concern to everyone. In many respects it is quite beyond the municipality's capacity to take care of it, although Port Credit municipality has attempted to put up rubble walls in an effort to stop further erosion.

If we were not near the end of the session I am sure that this matter would provoke a lengthy debate, but at this stage we must not do anything of that kind. The movement toward solving the problem of lake shore erosion has now reached the point where this conference has put out, as the hon. member for Davenport mentioned a moment ago, this interesting booklet containing the proceedings of the conference of March 10 last.

I understand that the Ontario department of planning and development has started to make surveys. My main desire this afternoon is simply to ask the minister if he does not think that one of these days the dominion government will have to take into consideration its part with respect to the question of flood control, of lake shore erosion and of all these matters which now seem to be quite beyond the power of the local municipalities to handle. It seems to me that the dominion government must soon announce some kind of policy with respect to giving some help to these places.

The position of the dominion in relation to the Ontario conservation authorities came up on a previous occasion when a grant of 37½ per cent by the dominion government toward these necessitous and desirable works was under consideration. I think this is a matter in which the dominion government ought to go along with the provincial government and lend its facilities and engineers to the end that some co-operative measure may be carried out by the dominion, the province and the municipalities. Wherever that combination can properly be worked out we should have all three jurisdictions taking their part; and this is a matter of great urgency to the people who are on the shoreline of these lakes.

It is all very well to have an argument among the engineers, the hon. member for Davenport and other people about what the cause is. Our people know that they are not engineers and they are not much interested in arguments about the cause. They are interested in the effect, and that effect cannot be overlooked or cannot be lightly dealt with. As the hon. member for Davenport so very properly asked a few minutes ago, I am going to ask the minister if he will give consideration to the matter during the recess, with a view to getting some really worthwhile remedy for the problem before the damage becomes worse than it has been up to the present.

That leads me to this one other point, which I want to combine with my remarks with respect to erosion. In Port Credit harbour—or really in what cannot be regarded as anything like a harbour at the moment—there is considerable dominion government land. The dominion government with respect to its own

land in the harbour has not up to the present time taken any effective steps to see that the shore is not to be washed away by the erosion.

I would ask the minister to give consideration as well to implementing the report of the chief engineer, backed by the resident engineer in that district, putting into effect their recommendations for the construction of a permanent harbour at Port Credit. I do not ask this just as a constituency proposition; but the situation there is such that I think it is perfectly proper for the federal government to make the necessary financial outlay. I know that the outlay will be considerable, but, as it is now, from time to time we are pouring in there considerable amounts of public money without getting any value for the expenditure. Dredging is done; the dredges throw up the sand, and then it is washed back in again. The situation there is looked upon by the public generally as nothing short of a mess. Conditions at Port Credit harbour have become scandalous, and that situation has been allowed to exist for many years.

I appreciate what the minister and his department have done with respect to soundings and plans for that harbour. That at least has given some hope and encouragement to us in that part of Ontario that that harbour work will finally be undertaken. There are many reasons for proceeding with it, as the minister knows; because last winter he received a strong and representative delegation from that part of Ontario, to which he listened with kindness and with appreciation, and certainly with courtesy. I would point out to the minister that as time goes on, the remarkable development that is taking place in that area calls more and more loudly for proper port facilities. At this stage of the session I shall not discuss at length the industrial development in that area, except to say that the greatest industrial development that has taken place in Canada since the close of the war has been along the lake shore from Toronto to Port Credit. That is not simply my own idea; it is contained in the report of the Minister of Trade and Commerce in his capacity as minister of reconstruction. More new industries have been located in that section of Ontario since the war than in any other part of this dominion. Facilities therefore should be provided so that all that traffic shall not have to pass through congested avenues of the city of Toronto.

The whole district requires and is calling for proper facilities at Port Credit. The development which has taken place in that area is a strong argument added to former arguments which were brought before the minister and parliament. Having in mind also the erosion difficulties, and the necessity of protecting dominion government land, it seems to me that now is the time for the minister to give immediate consideration to putting in a harbour of the type which his engineers have already considered. I am hopeful that the minister's good judgment, which has been so evident on so many other occasions, will again prevail, and that we shall have harbour facilities constructed at Port Credit which will serve a rapidly growing industrial area and be a credit to our own part of the country as well as to the government and parliament of Canada.

Mr. FOURNIER (Hull): This is the second time within the last two months that I have been impressed by arguments in favour of the development of the harbour at Port Credit. Some two months ago I received a delegation in my office, and on that occasion the hon. member for Peel was present. They gave me many arguments to justify the expenditure of money to help stop erosion and develop the port. Since that time I have had the engineers of my department undertake a thorough survey to verify the facts presented by the delegation as to the expansion of industry in that area, and I can assure my hon. friend that in the recess I shall certainly give a lot of thought to this problem.

Mr. CRUICKSHANK: Mr. Chairman, I presume you do not want me to speak on floods on this item, so I shall confine myself to river bank erosion, hoping to have the opportunity to discuss floods some time this afternoon.

I was much interested in what previous speakers have said, and I join with them in impressing on the government that while under the act set up forty years ago the federal authorities may have no responsibility for river bank erosion, conditions have entirely changed since that time and must be met accordingly. I am not blaming the government for administering the act as is, but I say it is up to parliament to amend the act. I am confining my remarks to conditions in my own riding, but I am sure that many other ridings are similarly situated.

Year after year since 1912, although I did not actively participate at that time, we had been petitioning the federal government and the government of British Columbia about river bank erosion. If I remember correctly, although I had nothing to do with it then, the first action taken in connection with river bank erosion on the Fraser river was in 1912 or 1913. Every year since then, ever since I have been active in political life or have been a member I have been urging the government

to accept responsibility in this matter. I have lost many acres of my own land, on which I paid good taxes, through its floating away down the Fraser river. In the last few years I have seen acre after acre and buildings on the bank of the Fraser river, particularly in Chilliwack and in Kent, float away. The only reply I can get from the department is that the federal government is responsible only for channel clearance and navigation. As I stated the other day, years ago, when the Fraser river was navigable as far as Hope, and before that as far as Yale—that was before my time —we did not have these great sandbars which caused river bank erosion, which is not taken care of by federal government engineers and certainly not by the provincial government engineers.

I should like every member of the house to see pictures taken in 1939. I am not speaking of the floods this year; I shall have plenty to say about them this afternoon. I am talking now about river bank erosion, which has cut right into the dike near the main bridge. I have pictures of the piling put up by the C.P.R. in 1894 and 1896 when they realized that the end of their bridge would go out. I would like members to see a picture taken in 1939 of one span of the C.P.R. bridge.

Another cut was made half way in the farmers' dike through erosion caused by the action of the C.P.R., in spite of the protests of the reeve of the municipality and my representations to the federal Department of Transport and the Department of Public Works. The Department of Public Works replied, up until November of last year, that they had no control over the matter, but in November last they admitted that they had responsibility for the Fraser river causing erosion. I would like to show the minister a picture of the span that went out this year, taking with it one hundred feet of the dike, through the erosion caused by the action of the C.P.R. over a number of years.

I was not in the house on June 9—and a lot of damage was done after that by erosion—but according to *Hansard* the Minister of Transport said that the railways estimated that already a million dollars' worth of damage had been done to their lines, not to the farms. I do not want to be critical; I do not want to indulge in recriminations, but I believe it is up to parliament, not government, to realize that a lot of changes have taken place since the act was passed. Among other things, the watershed in British Columbia has changed. I do not know so much about other parts of Canada, but I do know that in British Columbia the watershed has changed. When the watershed changes, even the greatest engineers will admit that the flow of water, through navigable waters or through any other system, adversely affects river bank erosion.

This job is too big for any government or any party. It is up to parliament to deal with it. I should like to point out to the minister, through you, Mr. Chairman, who represent the government and the people of Canada, that we have many millions of dollars at stake. Both our trans-Canada railways, one publicly-owned and the other privately-owned, have a lot at stake. We have a big stake in the privately-owned railway, although we do not own it. The whole of Canada has a stake in these railways. The trans-Canada highway and the transcontinental telegraph lines are affected by these floods. The whole economy and the whole outlook have changed since the act was brought into being. Surely it should be apparent to everyone that no municipality or municipal government is in a financial position to guard against and prevent river bank erosion.

I am not an engineer, but I personally believe that the answer to erosion on the Fraser river bank is dredging. Ever since I have been a member of the house I have urged upon the minister the necessity of acquiring adequate dredging equipment. The only equipment we have now to prevent river bank erosion is one obsolete dredge which is forty years old. Its entire time is taken up in the port of Westminster and at the mouth of the Fraser valley. That is the only dredging equipment we have available.

I must admit that we have had certain small grants of $3,000, $5,000, and $8,000 in this connection, but it is a mere pittance. The work that it could do could be washed away in twenty minutes. It is time that the parliament of Canada looked at river bank erosion in the Fraser valley. It is a national problem and one that must be worked out. Some system of engineering should be worked out, not locally, so far as the Fraser river is concerned. A commission should be set up at once with complete authority as to diking, channeling, clearing and preventing river bank erosion on the Fraser river.

I urge the minister to take steps tonight. I hope that this session of parliament will be concluded by midnight. Before prorogation adequate funds should be voted to provide for ample dredging. A country with the wealth of Canada, and with what we have at stake, should be able to secure adequate dredging equipment to do the work. Any country that can spend $10,000,000 a day on destruction can surely find a few million dollars to prevent river bank erosion.

Mr. FOURNIER (Hull): In all fairness I should say a word in answer to the hon. member for Fraser Valley. I may tell him that the department has sent out to British Columbia, to the Fraser valley, one of its outstanding engineers, Mr. Goodspeed, who, along with Mr. Morton, is most familiar with conditions in that province.

Mr. GRAYDON: Judging by his name he ought to give fast service.

Mr. FOURNIER (Hull): His name is Goodspeed. He is out there. He was instructed to make a complete report on the conditions, and wherever dredging is necessary to try to avoid these conditions in the future, if dredging is one of the ways to avoid them, we shall instruct the department officials to proceed immediately with these works. That is why we have an estimate of $500,000, for repairing the damages to our own works and do some dredging. The hon. gentleman may rest assured that these instructions will be given immediately.

Mr. HERRIDGE: I should like to bring to the attention of the minister a matter of serious concern to some 20,000 of my constituents living along the banks of the Columbia river or the Arrow lakes. It is of particularly serious concern at this time because of the damage occasioned by the recent floods, and the hope that something of a permanent nature will be done to prevent the recurrence of such damage.

A great part of the damage done in my constituency was done near the city of Trail, one of the greatest industrial communities in Canada. In addition to that, all the scattered communities and scattered farms along the shores of the Arrow lakes suffered damage to a greater or lesser extent. I am fully aware of the terms of the agreement between the dominion government and the provincial government with reference to assistance to the Fraser valley area, and that that area has been termed an area of national disaster, and that so far as rehabilitation is concerned the province has agreed to look after any difficulties in other parts of the province. That is not the aspect of the question that I wish to deal with. I wish to deal with the long-term approach to the regulation and control of these large rivers to prevent future flooding.

I am well acquainted with the Columbia river, which is the greatest river in British Columbia, because I have lived on its shores for forty-three years. My property is on its shores. In order to give the minister a fair picture—and I want to be as brief as possible —I shall deal with a report I have here from the city engineer of Trail, a report which outlines the damage and makes certain proposals. I have no exact knowledge of the damage in the upper parts of the river or in the Arrow lakes, but I stress this because it has a particular significance for the city of Trail, and I think the recommendation is an excellent one, certainly, which if acted upon, will protect a very important industrial community in Canada either in peace or war.

Prompt and aggressive measures were taken by the city of Trail and the Consolidated Mining and Smelting Company of Canada Limited to combat and control Columbia river flood and overflow of its banks into the city from the period May 31 to June 15.

Emergency building of temporary dikes and fills was continually maintained twenty-four hours a day, bringing to bear every available resource of men and equipment to protect life and property. In that respect I want to say that the Consolidated Mining and Smelting Company of Canada Limited was most generous in placing at the disposal of the committee its crews, equipment and engineering staff. Approximately a mile and a half of dikes and protective work were built in this time, including hauling and dumping at least 100,000 cubic yards of sand and gravel for fills and support of temporary dikes, including hauling and constructing timber work, using 60,000 board feet of material. Installation of relief sewers including seven pumping stations, pumping sewage through steel mains on surface to river by this method. The total joint expenditure incurred to date by the city of Trail and the Consolidated Mining and Smelting Company of Canada Limited is $125,000. Of this sum the city's share has been agreed on as $50,000. That figure of costs does not include the voluntary work.

Mr. ROSS (St. Paul's): What is the hon. gentleman reading from?

Mr. HERRIDGE: Pardon me. I am not in the habit of reading in this house. I am simply reading excerpts from the engineer's report for the sake of greater accuracy and the saving of time.

Mr. ROSS (St. Paul's): I would like to know what is the report.

Mr. HERRIDGE: "The Corporation of the City of Trail, British Columbia", a brief report on the damage and proposals to prevent a similar situation in the future. That does not include, Mr. Chairman, the volunteer work of hundreds of men who really gave their time during the period of this difficulty. As the result of the flood the city is faced with certain expenses to restore the normal operations and functions of the city's activities. They will

require to remove auxiliary dikes and fills from city streets; they will have to repair pavements, roads and streets, sewers and water systems. They will have to pump, clean and disinfect the basements and flood areas where required, as the water recedes. There will have to be continued operation of the auxiliary sewage pumping system to ensure and maintain health and prevent epidemic and nuisance, until the water reaches normal level.

There will of course be no volunteer labour available for this restoration work, and therefore no correct estimate of the cost can be made until the water recedes, but it is obvious that the cost will be very heavy to the city of Trail.

I am speaking now on behalf of the city of Trail, and I wish to bring to the attention of the minister the following factors. The fill material now in place on the ground could be used to very great economic advantage if joint government action were taken immediately to provide protective measures for the future, to forestall and prevent a recurrence of this ruinous condition.

It is believed that in the memory of present inhabitants of the area floods run in cycles. That is to say, there was in past years a series of successive very high water conditions; this may very well happen again, possibly next year, and the people of that district and those engaged in the industry—very important industry too, producing as it did last year nearly $100 million worth of industrial products—believe that this is the opportune time to start preventive action in order to obviate a recurrence of the difficulty. The suggestion is made that 100,000 cubic yards of fill material now in place could be used by the dominion government in the permanent work to prevent a recurrence of floods, particularly along the waterfront, on both banks of the river at Trail.

Therefore I urge upon the minister, particularly having heard that he sent one of his best engineers to British Columbia, to ask that engineer to visit Trail to see what can be done to use this 100,000 yards of material for permanent improvement with a view to preventing a recurrence of the difficulties that we have had in the last year.

In addition I would suggest that the department make a survey of the Columbia river from the international boundary to its source in order to see what should be done to prevent a recurrence of flood damage at various points.

Before concluding, Mr. Chairman, I should like to express my support of the hon. member for Fraser Valley regarding the question of the prevention of erosion. The dominion government has for years dredged the Columbia river.

Mr. ROSS (St. Paul's): Mr. Chairman, could not the hon. member get the report from the engineer and put it on the record, thus saving time?

Mr. HERRIDGE: Pardon me; I am not reading from the report. To conclude what I was going to say, the dominion government should in various places prevent erosion with rock cribbing or mattress work. They have done dredging for many years, but in several places in the narrows, between the upper and lower lakes, a considerable loss of land is caused by the increasing rapidity of erosion, and this creates still greater difficulty in keeping the river open for dredging. I support the hon. member for Fraser Valley in his suggestion with respect to these large navigable rivers. Everything should be done to keep them in a navigable condition by the prevention of erosion. I urge the minister to send the particular engineer to whom he referred into Trail to see the officials of the city of Trail, to see the situation as it now exists, with a view to carrying out permanent improvements that will prevent a similar occurrence in this important community in the future.

Mr. ROSS (St. Paul's): In the Department of Public Works there is a gentleman whom I know quite well—I believe he is the chief engineer of the department—and I do not mind saying that there is no one who is better than he. I refer to Mr. Murphy. I have known him for a good many years, and I know he will do whatever is best.

A good deal has been said this morning about water in the great lakes. We have heard about the diversion of water. Well, let us find out exactly what is happening and what the solution is. Let us find out all about this cycle about which we have heard. I might mention Presqu'Ile by way of illustration. There are times when I can drive a motor car across the island, but today I could not swim across it, it is so deep. We know that these things happen, but what do we want on the great lakes? If Toronto island is being damaged, it is for the Department of Public Works to repair the damage. But we need all the water we can possibly get in the great lakes, for two reasons, one being the development of power, and the other to facilitate navigation. If we could divert more water into the great lakes it would be far better for us in Ontario. The more water we can get, the better. If there is difficulty in connection with

Toronto island or along the shores of lake Ontario it is up to the government of Canada to prevent these things. The water that we can get there is of great benefit to us in our province. Last year we had to go short of power because we did not have enough water in the right places. What we need is water to give us that power, and no one should complain about getting water there.

I know the little Napoleon of public works—and he does look very much like Napoleon, doesn't he?

Mr. BRYCE: Can we get in on this whispering campaign?

Mr. ROSS (St. Paul's): He has told us that he will do all he can for the city of Toronto, and I am sure he will keep his word. And there is a lot he can do. He had better get his engineer, Mr. Wilson, whom I know very well, to advise him, in consultation with Mr. Murphy. If he did that, perhaps we would get a lot more done for Toronto and all these other places where the people are having trouble. At any rate, we need all the water we have for the benefit of the country.

Mr. LENNARD: I associate myself with what was said by the hon. member for Davenport and the hon. member for Peel, because I represent a section of Ontario which is a part of the Niagara fruit belt, and a great many people in that area are vitally concerned about what is happening along the shores of lake Ontario between Hamilton and Niagara. Stretches of that fruit belt are being eaten into by the lake shore erosion every year. I urge the Department of Public Works to do all that is necessary to prevent this condition —in fact, I would say, not only the Department of Public Works, but both governments. Both the Ontario government and the dominion government are interested in this. If my memory serves me, it was the Ontario government that changed the course of some of these waterways, and it is only right that they should assume their proper share of the responsibility. The present Ontario government should take its full share of responsibility, and so should the dominion government.

Mr. PROBE: Going through the estimates of the Department of Public Works for 1948-49 and the supplementaries, I find that the minister is asking the house for some $84,000,000 for his department, which is about $7 per capita for the people of Canada. Because I am concerned with the distribution of these funds across Canada, I was especially interested in the extent to which money was to be spent in my own province. I notice that, including the supplementaries, the Department of Public Works is spending there some $620,000 this year. That works out to about 70 cents per capita in Saskatchewan or one tenth of the amount that is being expended on the average across the dominion. I do not want the minister to run away with the idea that we have no problems that cannot usefully be the duty of the public works department of Canada to do something about. It is for that reason that I wish to speak for a few minutes about problems that should be the concern of his department, some of which I have from time to time casually discussed with the minister. I want to mention two with regard to the southern part of Saskatchewan and Regina specifically.

We have in the city of Regina, for example, a number of buildings owned by the government of Canada, one of which is particularly attractive and ornate, and is called the federal building. But the departments of the Canadian government are housed and scattered in many privately-owned buildings throughout the city. I think possibly that condition applies to governments generally. They seem to have no particular scheme whereby they concentrate public buildings, either for efficient administration or for their more facile use by the public which has business with the government. It would seem to me that in the public works department, in all major centres where it is necessary to occupy extensive floor space, some sort of over-all planning might be adopted to house government departments either in a single building, or in a group of buildings convenient to traffic but forming a unit apart from the rest of the business district of the city concerned. Unfortunately, all our chambers of commerce lobby all senior governments. When there is a likelihood of a public building making its appearance in some portion of the country, they lobby for it in their particular city. I realize that situation applies, and I sympathize with the minister and the department for sometimes being put under a form of local patriotic pressure which is not always in keeping with the best distribution of the public services. However, that has gone on for decades and undoubtedly it will continue to do so. But I believe that functional planning of the buildings that will house the ever-increasing number of public services is necessary in all cities. Certainly that statement applies in special measure to my city of Regina. Last year, for example, a number of us went to the minister with respect to the taking over of a building that housed the Department of Commerce offices. While we were negotiating with the government to do something about acquiring the building, it was

old under their noses. There is the factor of delay in all these matters. I trust the government or the minister will take cognizance of representations to plan the future development of public buildings.

I have another instance that concerns us in the southern part of Saskatchewan. It is interlocked with the fact that governments, both provincial and federal, make use of the services of urban municipalities. I refer to the matter of water supply for cities in drought areas or in dry farming areas. Regina is vitally concerned about this matter because, in our system of deep wells to supply water to the city of Regina, we have reached the ultimate. We have passed the point of being able to supply water for all the services in that city. This should concern our senior governments, because the senior governments in their buildings also use the services such as that of water. P.F.R.A. of course has been dallying—and I use that word advisedly—with the idea of drawing water from the Saskatchewan river with the object of supplying Moose Jaw, Regina and other southern centres. Unfortunately—

Mr. FOURNIER (Hull): The hon. member does not mean that what he is explaining about water would come under my department?

Mr. PROBE: That is right. I hope I will make myself clear in a moment. I will not take long. The point is that, under P.F.R.A., irrigation projects were envisaged that might ultimately supply water to the urban centres of Moose Jaw, Regina and other places, as well as forming an irrigation project. Those projects have proceeded at such a snail's pace that I do not think we can get much relief from the P.F.R.A. projects, say, for ten years or so. However, here is the connection with the Department of Public Works, and this is what interests the minister and us; in all urban centres the government departments make use of what facilities or what utilities are provided by municipal authorities, water being one of them. Water is a major utility in a dry district.

The Department of Public Works or other government departments spend money on the Rideau canal. I have not objected to the expenditure of money running into perhaps half a million or three-quarters of a million dollars annually on the Rideau canal, even though the strictly utilitarian reason for the expenditure is overweighted by the effect it may have on the tourist business. The Rideau canal serves a national purpose; therefore we concur in the expenditure. But in our request for water services, particularly in southern Saskatchewan, we have hit a delayed acquiescence from government departments. Now I am trying to put across to the minister the point that water supplies are needed for the large numbers of offices used by the government of Canada, through the Department of Public Works. In view of the shortage of water in our cities, the supplying of water to those buildings—and through that means, of course, the supplying of more water to the residents of my city generally—is a proper function of the Department of Public Works or could be considered as such. I do hope that when delegations from my city come to the government asking, as they are going to do, for sympathetic consideration in respect of increased water reservoirs to help that city the Minister of Public Works, partly because the servicing of government buildings is involved, will give sympathetic consideration to the representations made. I think such a request is all the more valid and reasonable because his department, on a per capita basis does not spend any more than one-tenth as much in my province as it does on an average across the country.

For these reasons the minister should stretch a point in this instance by giving favourable consideration to my request. Indirectly it affects government buildings, but directly it affects the citizens of my district to a great extent. They cannot do it themselves, and I say the minister's department should do it.

Mr. HAZEN: Mr. Chairman—

Some hon. MEMBERS: Two o'clock.

At two o'clock the committee took recess.

The committee resumed at three o'clock.

Item agreed to.

Architectural branch—

328. Branch administration, $412,001.

Mr. BRYCE: I have received an answer from the minister to most of the problems I have brought before him during the session, but there are two still outstanding. The first refers to the recommendations that have been made by the board of trade and the municipality of Riverton with regard to dredging the Icelandic river. It is some number of years since anything was done there, and these people are anxious that something should be done. I do not know whether the minister has had a report on this matter.

Yesterday I took up with one of the officers of his department the matter of the erosion that is taking place at Gimli on lake Winnipeg and I understood that a further report was to be made. The original breakwater

there has fallen into disrepair and the erosion is quite serious. This is much too large a thing for a town like Gimli to undertake, and there should be co-operation between the provincial and federal authorities in this matter.

Mr. FOURNIER (Hull): I have not yet received a report with regard to the dredging of the Icelandic river. After discussing the protection works at Gimli with the hon. member, I requested a further report from my officials to see if, with the new facts before them, they might change their minds as to the amount that should be expended. I understand that this is quite a difficult problem, because they are having trouble in connecting it with navigation. I am sympathetic toward the request, because I believe it is to protect some old folks' home.

Mr. KNOWLES: I should like to ask the minister to say a word with regard to the wages paid to women cleaners, particularly in Winnipeg. As the minister knows, I have drawn this matter to his attention a number of times during the past few years. I want to thank him once again for the attention that he has given to my requests and for the successful representations that he has made in times past on behalf of these women. The points that I have drawn to his attention at times have been of an administrative nature, while on other occasions I have raised the question of holidays with pay and the important question of wage rates.

Some two or three years ago the minister was successful in persuading the proper authorities to agree to allow one week's holidays with pay for these women. They now receive six days' sick leave in a year, and this is not deducted from their holidays as was the case a few years ago. In years gone by there have been acceptable increases in the wages paid to these women, but I believe it is nearly two years since they have received any increase. In the meantime the cost of living has been going up and is bearing heavily upon them. They have also been conscious of the fact that other government employees in Winnipeg and throughout the country have received increases, and they have dared to hope that, through the months when increases were being announced, there would soon be an increase for them. But, as I said a moment ago, no increase has come through, their last increase being nearly two years ago. I ask the minister to give the same serious and sympathetic consideration to this matter that he has given in the past to the other matters I have brought before him concerning this group of women.

I do not wish to speak to the exclusion of women working in public buildings in other cities. Local conditions vary as between city and city and as to the hours that these women have to put in. I know the situation in Winnipeg and the women involved, and I submit to the minister that their case is deserving. These women do not work just two or three hours in the morning. I think they work seven hours a day for five, five and a half or perhaps six days a week. In other words, they have a full-time job. I think the time has come when they should be considered as being on a par with other government employees and given an increase in wages to meet the increased cost of living.

I do not think it is out of the way to suggest that they should also be given two weeks holidays with pay. I would agree that those two weeks might apply only to those who have served for a couple of years or so, but that is a matter of detail. I know the minister shares my views in connection with this matter, and I hope he will press them upon whatever authority has to make the decision. I should be glad if the minister could comment at this time.

Mr. MacINNIS: Before the minister rises to make a comment, I should like to say that I represent a city which is somewhat larger than Winnipeg. There are quite a number of government buildings there and, I imagine, quite a number of government services of the same class with regard to which my hon. friend has been pleading. I hope that the minister will do what the hon. member for Winnipeg North Centre has suggested and that he will at the same time treat Vancouver and all other large cities on a fair and equal basis.

Mr. COLDWELL: I represent some places that are smaller than Winnipeg and Vancouver, but to the people who live there they are certainly not less important. Lest I should not be in the house when the supplementaries are reached, and since this is an architectural item, I should like to express now my appreciation to the minister for including in item 826 in the supplementaries an initial amount for a public building at Rosetown, Saskatchewan. I know that for a number of years that well-to-do and productive community has felt that the quarters, particularly in the post office, were entirely inadequate to meet the community's needs. The minister may have seen some plans—I have mentioned this before on other occasions here—of a tiny building at which an attempt was made to conduct the important public service of the post office, and I am very glad to see this initial appropriation. I want to express to the minister the thanks, not of myself, but of the community.

I never believe that these things should be considered from any political angle. I have never believed that the local member should take credit for work being proceeded with on a necessary public facility, and I am not taking credit for it. I have made representations on behalf of both Rosetown and another town in my constituency, Biggar, where a site was purchased some ten years ago for a public building, and I hope that that, too, will be undertaken. I am speaking on behalf of the community. I was spoken to when I was there the other day. I knew that the minister had this under consideration and that the architectural branch had been or were going to the town in order to make an investigation, but I told my friends who approached me at that time that I was quite sure that the minister would view this public building from the point of view of public interest and necessity. May I express again the gratitude which the people of that community will feel and which I myself feel for this item in the supplementary estimates.

Mr. IRVINE: I wish to say one or two words in connection with public buildings. I think it is true to say that the major portion of the sums of money expended by the public on public buildings goes to the larger centres. For some time I have been urging upon the minister the necessity of building a post office at Quesnel and a public building at Vanderhoof. I agree with my leader that no member should take any credit to himself for public works undertaken in his riding, but unfortunately I must take credit when it is not done, and so I would ask the minister to do something about it now. Without making any extended remarks because I know he wants to get his estimates through quickly, I ask him to be good enough to give some consideration to the claim of these two communities, whose claims, which I have set out in black and white before the minister during the year, I think are very strong.

Mr. RICHARD (Ottawa East): I wish to refer to the char staff in the city of Ottawa and to ask the minister whether he has given any more consideration to representations which have been made in the past two years to allow more of these women to do their char work in the evening instead of in the morning. At present I understand that the only place where the charwomen can work in the evening is the printing bureau. Now that the war is over, surely we could allocate a few more buildings where some of these widows, who have young children, and who cannot very well work in the morning, could work in the evening.

[Mr. Coldwell.]

Prevailing rate men are now given two weeks' holidays. One of these weeks is really a holiday with pay and the other week is not paid for by the government but, under an order in council passed in 1923 or 1925, represents the overtime a man would usually work. While the salaries of these men are calculated on a prevailing rate basis, the men are really paid on a yearly rate divided by fifty-two, estimated on their working so many hours a year. I think they should get the same consideration as other civil servants in the matter of holidays and certainly some sick leave. While I would not ask for three weeks' holidays and three weeks' sick leave, I think they should get three weeks' holidays and two weeks' sick leave as other civil servants get.

Another question. Does the minister believe that the prevailing rate men in the public works department are getting the prevailing rates in the trades in this district? As I understand it, adjustments were to be made to equalize these rates, but I do not think that process has been completed.

Item agreed to.

Architectural branch—

329. Ottawa—maintenance and operation of dominion public buildings and grounds, including rents, repairs, furniture, heating, etc., $7,548,875.

Mr. GREEN: There is an increase of approximately $1,800,000 in this item. Would the minister explain it?

Mr. FOURNIER (Hull): If hon. members will look at the whole of the estimates they will find that there are no more votes under demobilization and reconversion, and the increase is due in part to the provision of funds formerly voted under demobilization and reconversion. Secondly there is an increase in the allotment for materials and supplies because of increased cost of materials and labour, and due to the provision now being made in this allotment for alterations, partitions, improvement to lighting, et cetera, required in connection with the allocation of accommodation for all the departments in the various buildings in Ottawa. The net increase is $1,795,493.

Mr. GREEN: An increase of more than 25 per cent. What is the reason for that?

Mr. FOURNIER (Hull): There are two reasons. First of all, we are making more repairs to our buildings, which were sorely neglected in the war years; secondly, there has been an increase in the price of the materials themselves.

Mr. McLURE: With reference to many of these items, I feel myself in the position of a school boy returning home from school

and telling his parents that he has forgotten to bring home his report. I have to ask some questions on these estimates, so that I can answer my electors when they call upon me and ask me about them. Item 330 amounts to $8,612,478 for maintenance and operation of public buildings and grounds, other than at Ottawa. I notice that for 25 per cent of this item, amounting to $2,109,944, there are no details. That seems to be customary in all the estimates that come before us, but this is quite a large amount.

Another matter I wish to refer to is the rental of public buildings by Ottawa departments in the city of Charlottetown. May I have a breakdown of that? How many buildings are rented? Has the department decided to erect a large building of their own in Charlottetown to take care of the different departments that are now occupying rented buildings?

Mr. FOURNIER (Hull): The only building rented in Charlottetown is for the wartime prices and trade board. It is rented from a Mr. Chapel at an annual rental of $1,500. All the other offices are located in buildings belonging to the federal government.

The second question was as to whether there was an estimate for the erection of a public building in Charlottetown. A site has not been purchased. We are inquiring into the best site. Probably the hon. member for Queens will be consulted. When we have the site we shall prepare the plans for that building.

Mr. McLURE: You have agreed on a location and site?

Mr. FOURNIER (Hull): The last report that I had indicated that a site for this building had not been agreed on.

Mr. McLURE: Is that site to be purchased by the federal government, by the provincial government, or by the city of Charlottetown?

Mr. FOURNIER (Hull): If it is to be a federal building it will be purchased by the federal government.

Mr. KNOWLES: I believe the minister was ready to make a statement in reply to my representation on item 328. We are still in the same general field. Perhaps he might say something now.

Mr. FOURNIER (Hull): Yes. I shall explain to the hon. member the procedure with reference to revisions of salaries or wages of charwomen. A survey is made in every part of the country, and we try to meet the prices in the locality which are paid by private industry. Then we make a recommendation to the labour department. They themselves, with the officials in the different departments, make a report and approve or disapprove our recommendation or modify it. When the hon. gentleman brought the Winnipeg case to my attention I asked for a report and found that about two weeks before that we had asked the labour department for an increase for the charwomen working all day. I believe it is six hours a day. I have not yet had a report from the labour department. When it comes in, it is submitted to treasury which passes final judgment on the matter.

Mr. KNOWLES: Did I understand the minister to say that his department asked the labour department for an increase?

Mr. FOURNIER (Hull): We recommended an increase in this case to meet the wages paid locally to that class of employees in Winnipeg.

Mr. KNOWLES: Was consideration given to the matter of lengthening the holiday period?

Mr. FOURNIER (Hull): That has not been studied lately. As the hon. member mentioned, we did give holidays and sick leave, but I have not heard that it has been reconsidered lately.

Mr. KNOWLES: I would hope that the department would reconsider it. May I refer to one minor point, and I am not quarreling with the language used either by the hon. member for Ottawa East or by the minister. I do happen to know that these women do not particularly like the use of the word "char". It would seem to me that, since men doing comparable work are called cleaners, or sometimes men cleaners, we might meet the point and actually change the name of the women to women cleaners. It is perfectly honourable work. My own mother was a domestic servant, and I am not ashamed—indeed I am proud—of people who do this kind of work, but they do have some feeling about it. Perhaps one way to achieve the object would be for those of us who talk about it to use the name they themselves suggest, and perhaps the change might even be made officially.

Mr. FOURNIER (Hull): In the documents which come before me the two words are used interchangeably. Sometimes it is charwomen and at other times it is women cleaners, male cleaners or female cleaners. I do not think the word "charwomen" is used all through the proceedings which come before me. If that is the wish we can ask the department to have it changed to male or female cleaners or women cleaners.

Mr. KNOWLES: Men cleaners and women cleaners.

Mr. FOURNIER (Hull): In answer to the question of working in the morning or at night, may I say we did have a survey made, and I was informed by the superintendent that a very small minority requested to work at night instead of in the morning. We shall look into that matter.

Mr. RICHARD (Ottawa East): Will the minister answer the question as to the prevailing rates?

Mr. FOURNIER (Hull): The rates in the department are based absolutely on the prevailing rates in the district. As I said to the hon. member for Winnipeg North Centre, the labour department passes on these rates and they are submitted to treasury board. Generally they compare the rates we pay in our department with the rates paid outside.

Mr. RICHARD (Ottawa East): What about holidays and sick leave?

Mr. FOURNIER (Hull): As to holidays, a carpenter working for a contractor generally does not get any holidays. Carpenters are paid for the time they work. In public works they do have holidays. That is one reason why they would rather work for the department than for a contractor.

Mr. KNOWLES: Saskatchewan and Manitoba both have holidays with pay acts.

Mr. FOURNIER (Hull): In the scale of wages paid, compensation for holidays and other advantages are given to our employees.

Mr. McLURE: Will the minister give me an idea of what the item of $2,109,944 consists of?

Mr. FOURNIER (Hull): That is the salary of the temporary staff in the department.

Mr. McLURE: How many?

Mr. FOURNIER (Hull): That comprises all the prevailing rate employees that are working all across Canada in the maintenance of our works, from Halifax to Victoria.

Mr. STEPHENSON: Has any provision been made for renovating and decorating the post office building at Port Hope, especially the customs office?

Mr. FOURNIER (Hull): This would not be the item.

Mr. STEPHENSON: Maintenance and repairs of public buildings?

Mr. FOURNIER (Hull): Unless it is a very small amount of work that has to be done. If it is a specific amount we would have a specific item in the estimates for that work.

Mr. STEPHENSON: I do not think anything appears in the estimates for that. Is anything being done?

Mr. FOURNIER (Hull): If there is no specific estimate it means that the amount of the alterations would not be very great, and it would be taken out of the general vote.

Mr. GREEN: May I point out to the minister that a serious accommodation problem is looming up in my own city of Vancouver in connection with the closing of the old Vancouver hotel which is being taken over by the T. Eaton Company, Limited, on July 31. For some time the unemployment insurance commission and the national selective service have had—

Mr. FOURNIER (Hull): There is a special item for that.

Mr. GREEN: — their offices in the hotel. During 1947 about 675,000 people called at that office during the period of one year. They have a staff of about 350 people, and I believe they occupied 44,000 square feet of floor space. That office, of necessity, must be in the downtown area of the city, because there are so many people calling there. As I said, in 1947 there were 675,000 callers. When the office is moved at the end of July where is that staff to go? I believe there is some provision for a new building, but it will take many months to complete it and I should like to know what provision will be made for the intervening period and how long it will be before the new building is completed.

Mr. FOURNIER (Hull): There are two items in the supplementary estimates, one for $1,060,000, for the Begg building which we have purchased, and to which alterations are being made. That building will be ready for occupancy at the end of this year. We have also purchased the Alvin estates building. Construction is going on, and my information is that we shall take over the building on the first of January. Pending that time, we have transferred some of the employees who were in the old Vancouver hotel to the Beattie street armouries.

Mr. GREEN: Has that been done? I understand that there is only some talk of doing it.

Mr. FOURNIER (Hull): The moment we have to get out of the old Vancouver hotel we shall transfer the employees temporarily to the armouries, and we hope to have them in these two buildings at the end of the year.

Mr. GREEN: The whole staff of the unemployment insurance commission and the national selective service will be put in the Beattie street armouries where they will stay from the end of July to the end of December when the new buildings are to be ready?

Mr. FOURNIER (Hull): That is right.

Mr. GREEN: Which are these two other votes to which the minister refers?

Mr. FOURNIER (Hull): I am referring to vote 828 in the supplementary estimates. The hon. member will see there provision for $800,000 for the Alvin estates building and $1,060,000 for the Begg building, alterations and extensions.

Mr. BLAIR: Do hospitals built under the direction of the Department of National Health and Welfare come under the supervision of the Department of Public Works, and are estimates called for under this department?

Mr. FOURNIER (Hull): In national health there is a hospital design branch with an architect experienced in the construction of such buildings. The votes are not under public works, but we act as their agents, lending the help of our architects and technicians. We call for tenders and let the contract.

Mr. BLAIR: And tenders are called for in each case?

Mr. FOURNIER (Hull): If we were building away up north for Indians I do not think that in all circumstances we would ask for tenders.

Mr. BLAIR: What difference would it make doing the work up there?

Mr. FOURNIER (Hull): In certain parts of the country you cannot get people to take contracts on a firm price basis. We cannot get people to compete on certain buildings owing to transportation, and therefore we make an arrangement to meet the situation.

Mr. BLAIR: How can you be sure that there is not someone else who would be more satisfactory?

Mr. FOURNIER (Hull): We try, and if we cannot get tenders we make an arrangement with some firm.

Item agreed to.

Architectural branch—Prince Edward Island—
333. Charlottetown—Public building (revote $50,000), $100,000.

Mr. McLURE: I presume this item is for the construction of a new building, even if it is in part a revote from last year.

Mr. FOURNIER (Hull): That is right.

Mr. McLURE: The estimated cost, then, would be around $100,000?

Mr. FOURNIER (Hull): Oh, no. This is the initial cost, the purchasing of the site, preparation of plans and so forth.

Mr. McLURE: I saw in the press a report —whether it emanated from the department I do not know—to the effect that the estimated cost of the building would be in the vicinity of $1,000,000.

Mr. FOURNIER (Hull): I do not know what is in the press.

Mr. McLURE: I hope the amount is greater than is shown here.

Mr. FOURNIER (Hull): I do not know what appeared in the press, but we do not give releases to the press on future works without knowing exactly what the cost will be.

Item agreed to.

Architectural branch—Manitoba—
337. Brandon public building—improvements to heating, $12,000.

Dominion public buildings—improvements and repairs and to authorize commitments against future years in the amount of $50,000, $105,000.

St. Boniface public building—addition and alterations (revote $8,000), $24,000.

St. Vital public building—addition and alterations (revote $15,000), $24,500.

Winnipeg—postal accommodation at Canadian National Railways station (revote $25,000), $75,000.

Winnipeg—postal station "A"—improvements (revote), $7,500.

Winnipeg—postal station "F"—addition and alterations (revote $13,000), $20,000.

Winnipeg—public building—site (revote), $300,000.

Mr. ZAPLITNY: Does the minister intend to have any post office buildings built in Manitoba?

Mr. FOURNIER (Hull): If the hon. member will look at the supplementaries he will get a complete picture there.

Mr. ZAPLITNY: This item covers repairs and improvements of public buildings. I assume that the building of new post offices would come under this vote.

Mr. FOURNIER (Hull): The hon. member is looking at item 337, which does not include new buildings unless they are specifically mentioned. In the supplementaries he will find that there is provision for a post office in his riding.

Item agreed to.

Architectural branch—Alberta—

339. Calgary public building—improvements and repairs (revote $22,500), $37,500.

Calgary—accommodation for Department of Trade and Commerce (revote $21,000), $31,000.

Coutts—buildings for customs and immigration (revote), $140,000.

Dominion public buildings—improvements and repairs and to authorize commitments against future years in the amount of $50,000, $105,000.

Edmonton—addition and alterations to south Edmonton postal station (revote $30,000), $45,000.

Edmonton—public building (revote), $100,000. $300,000.

Edmonton—public building revote), $100,000.

Peace River public building—local improvements (revote $7,200), $8,500.

Mr. LOW: What is the $8,500 for in connection with the Peace River public building, local improvements, the revote being $7,200?

Mr. FOURNIER (Hull): This is to pay the government's portion of sewer and water service for the post office, telegraph service, alterations to post office, $1,300; installation of plumbing in telegraph building, $1,300; contingencies, $525; and the first amount for the town sewer and water services, $5,375.

Item agreed to.

Architectural branch—British Columbia—

340. Abbotsford—site for public building (revote), $10,000.

Chilliwack public building—addition (revote $40,000), $72,000.

Dominion public buildings—improvements and repairs and to authorize commitments against future years in the amount of $50,000, $250,000.

Douglas—buildings for customs and immigration (revote), $120,000.

Duncan public building—alterations and improvements (revote $4,000), $20,000.

Kelowna public building—addition and alterations (revote $30,000), $47,000

Ladner—site for public building (revote), $5,000.

Langley Prairie—site for public building (revote), $5,000.

North Vancouver—postal station (revote), $50,000.

Osoyoos—customs and immigration buildings, $40,000.

Vancouver examining warehouse—installation of elevator (revote $10,000), $48,000.

Vancouver—post office building site (revote), $250,000.

Vancouver public building—improvements and repairs (revote), $5,000.

Vancouver—site for building for customs (revote), $100,000.

Victoria astrophysical observatory—repairs, alterations and improvements (revote $23,000), $30,000.

Victoria—public building (revote), $200,000.

White Rock—site for public building (revote), $5,000.

William Head quarantine station—alterations, improvements and repairs (revote $4,500), $20,000.

[Mr. Fournier (Hull).]

Mr. GREEN: In this item there is a vote of $250,000 for Vancouver post office building site and a vote of $100,000 for a site for a building for customs. How much has now been voted for these two buildings, including the present vote, and where are the buildings to be located? There has been a great deal of discussion on the sites to be chosen, and I should like to know what decision has been reached.

Mr. FOURNIER (Hull): The site which it is proposed to acquire is the city block bounded by Georgia, Howard, Dunsmuir and Hamilton streets. It was selected after consultation with the post office department, the Vancouver city council, the town planning commission and various business interests. Practically the whole site is occupied. The total assessed value is $213,000 and the appropriation is $250,000.

Mr. GREEN: How much is it to cost altogether?

Mr. FOURNIER (Hull): The assessment is $213,000. That is the best estimate we have now. If we have to expropriate, I do not know what the exact amount will be.

Mr. GREEN: That figure includes only a portion of the site?

Mr. FOURNIER (Hull): No, that is for the whole site. This is an estimate of $250,000, based on the assessment of $213,000. If we go into court and the judgment is higher, we shall have to come back.

Mr. GREEN: You have not acquired the site? You have not actually acquired any portion of the site?

Mr. FOURNIER (Hull): We have filed expropriation proceedings, I understand.

Mr. GREEN: What about the customs building?

Mr. FOURNIER (Hull): The site proposed to be acquired is situated on the corners of Burrard, Pender and West Hastings streets, and consists of lots 18, 19 and 20. It has frontages of 140 feet on Burrard street, 156 feet on Pender street and 206 feet on West Hastings street. The property is owned by four separate owners, namely, the Nelson, Christie Building Company, R. F. Bovey Limited, B.C. Holdings Limited, and the Burrard Holdings Limited.

Mr. GREEN: Is this figure of $100,000 only a portion of the purchase price?

Mr. FOURNIER (Hull): The item is toward the acquisition of a site. I do not

think this would be the price. We are waiting for the valuation of our people there, to see exactly the amount involved.

Mr. GREEN: Can the minister give us any idea of what the total price will be?

Mr. FOURNIER (Hull): I have not the city assessment, and I have not received as yet the report of the valuators who were appointed. When we have this valuation, generally we try to make a deal with the owners, or we put on expropriation proceedings.

Mr. GREEN: You have not yet arrived at that stage?

Mr. FOURNIER (Hull): This would be just an initial vote.

Mr. GREEN: You have not arrived at the stage of expropriating in this case?

Mr. FOURNIER (Hull): I do not know. It has been suggested that this may be close to the assessment value, but I would not want to say because I have not that figure.

Mr. HERRIDGE: When this item was under discussion last year I had occasion to make some quite caustic comments concerning the efficiency of the department's chief architect in British Columbia. I based those comments on what I considered to be sound information from a responsible source. Since that time I have gone farther into the matter and I find that I was incompletely and incorrectly informed. Therefore I wish most sincerely to apologize for any embarrassment I have caused this estimable public servant and gentleman.

Mr. FOURNIER (Hull): I thank the hon. gentleman for what he has said.

Item agreed to.

Generally—
344. Building for national film board (revote), $25,000.

Mr. LENNARD: Is that amount for a building or putting up a building? Is that for a new building?

Mr. FOURNIER (Hull): This is a revote.

Mr. LENNARD: For what?

Mr. FOURNIER (Hull): I see here that at one time, two years ago, it was to provide for the purchase of a site and the construction of a building for the national film board at Ottawa.

Mr. LENNARD: It is for the purchase of a site?

Mr. FOURNIER (Hull): That is right.

Mr. LENNARD: They are in several buildings now, are they not?

Mr. FOURNIER (Hull): Yes.

Mr. LENNARD: I would suggest that the sooner you get them all under one roof, the better.

Item agreed to.

Generally—
345. National capital planning service, $135,000.

Mr. RICHARD (Ottawa East): Will the minister give us a few details with regard to this expenditure of $135,000? Will he give us a short statement?

Mr. FOURNIER (Hull): Yes. Salaries, $76,696; topographic model of national capital area, national film board, $2,500; subscription to technical publications and purchase of technical books, $500; surveys of adjoining municipalities and strategic points within the national capital region, $10,000; transportation of staff and technical officers within the region for reconnaissance and establishing necessary contacts, $1,000; outside trips for gathering of information to be undertaken by Mr. Greber and assistants, $1,000; registry office fees covering searching of plans and deeds, $100; standing order for current printing, blue prints and photos by Department of Public Works photographic service, $1,000; standing order with national film board for photographic work, coloured reproductions, lantern slides, $2,500; standing order with mines and resources for printing, reductions, et cetera, $1,000; work of printing necessitating technical processes not available in government departments, $1,000; expenses incurred in printing, binding and publishing final report, $10,000; expenses incurred in publishing a popular condensed report, $1,500; preliminary engineering services on proposed construction (bridges, viaducts, tunnels, et cetera), $5,000; publicity, public information, films, $10,000; work to be performed in Paris by Mr. Greber, $2,000; contingencies, $9,204.

Item agreed to.

Generally—
346. National printing bureau (revote), $200,000.

Mr. RICHARD (Ottawa East): I have been one of those who have been critical of the location of the printing bureau. Is the minister at this time ready to tell us if any site has been chosen, if it has been purchased and if any progress has been made as to plans?

Mr. FOURNIER (Hull): The site is on boulevard Sacre Coeur, Hull. Part of it has been purchased and we have the other part under expropriation. An engineer from Chicago, Mr. Powers, one of the outstanding

engineers in this specialized work of constructing printing institutions, has been brought here to prepare the engineering part of the plans. Mr. Cormier, an architect from Montreal, has been retained as architect for preparation of the plans.

Mr. BOUCHER: When is it expected that the plans will be finished?

Mr. FOURNIER (Hull): Some time next year.

Mr. BOUCHER: And will the building be proceeded with promptly?

Mr. FOURNIER (Hull): I would not know.

Mr. WRIGHT: Where are these research projects being carried out for the utilization of farm products, and what projects are under consideration at the present time?

Mr. FOURNIER (Hull): What is this? There is nothing in my estimates for that.

Mr. WRIGHT: I beg the minister's pardon. I am looking at the wrong item.

Item agreed to.

Engineering branch—

351. Branch administration, $296,009.

Mr. GREEN: What is the position now with regard to the removal of Ripple Rock?

Mr. CRUICKSHANK: It is still rippling.

Mr. BOUCHER: And still rocking.

Mr. GREEN: Has the department made any progress since last year? And if not, why not?

Mr. FOURNIER (Hull): I must candidly admit that I know of no progress made in this matter since the last estimates were up. I have not as yet found the man or the engineer who can convince my own engineers that he has the right method to proceed. The moment we find a man who can convince my officials, I shall be ready to make my recommendations to the government. But, to date, really I am no more advanced than I was last year.

Mr. GREEN: Is anyone in the department doing any work on the plans?

Mr. FOURNIER (Hull): Not at the present time.

Mr. GREEN: In effect, the department has given up hope?

Mr. FOURNIER (Hull): No, we never lose hope.

Item agreed to.

[Mr. Fournier (Hull).]

Engineering branch—

352. Engineering, including salaries of engineers, clerks, etc., $1,164,243.

Mr. CRUICKSHANK: Do salaries of the minister's officials in British Columbia come under this vote?

Mr. FOURNIER (Hull): Yes, the engineers.

Mr. MacNICOL: Some few weeks ago I brought up in the house a question with respect to the erosion at the east shore of Point Pelee through the action of waves and high water. If I remember correctly I suggested at that time that a report be obtained. Have the engineers with the minister any further information with respect to the preservation of the east side of Point Pelee, the whole end of which has been washed away?

Mr. FOURNIER (Hull): My deputy minister tells me we have not received that report. However, he will look into the matter, and instruct that the report be prepared as soon as possible.

Mr. MacNICOL: The people in that vicinity are most appreciative of anything that can be done. I have just received a long wire from Mr. Morgan Brown, president of the Leamington chamber of commerce, expressing appreciation of what was done previously. I feel obligated to mention this again to the minister.

Mr. FOURNIER (Hull): We shall certainly get a report in the matter. I am informed that there is a lighthouse at that point, and that we shall have a report in the near future.

Mr. MacNICOL: I understand that someone has been sent there to make an investigation, and to decide whether groins should be erected, or what should be done. Something must be done to preserve that part of Point Pelee park. If the minister were to go there he would see that the erosion goes back for about a quarter of a mile.

Mr. CRUICKSHANK: I am one who believes that we have a most excellent staff of engineering officials in the British Columbia section of his department, including the Northwest Territories and the Yukon. They are underpaid. It is my information that the department is not able to secure a sufficient number of capable engineers, because they are attracted to private concerns. I have no desire to pick out individuals. It seems strange to me that a man entrusted with the expenditure of millions of dollars, possibly for flood control, will receive about $2,400 or $3,000 a year, while the House of Commons sees fit—and I am not singling out any individuals—to pay

$3,600 for a man who, during six months of the year, supervises the dishwashing in the restaurant.

We are losing our best brains to the United States and other countries—and naturally so. Hon. members opposite have often spoken in the same way. It seems to me it is time that the minister looked into this matter. I am not speaking particularly about those in Ottawa; I refer to those in British Columbia. He has an excellent staff out there; but the branch is very much understaffed. And that condition has arisen because the federal government is not setting the example it should set to private industry by paying proper and decent salaries to experienced and qualified men.

It is time the minister told the civil service commission that he is going to pay qualified university graduates, and other technical staff, suitable salaries. He should start in British Columbia where he has already some highly qualified men.

Mr. MacINNIS: If the conditions are as stated by the hon. member for Fraser Valley they should certainly be changed. The minister ought not to let that statement go without either verifying or denying it. He should now place on record the number of engineers, their grades and salaries.

Mr. FOURNIER (Hull): The details of engineering staff by districts in the New Westminster district is as follows:

Class title—Name—Salary	
District engineer, grade 3, Morton, K. W.	$ 5,775
Engineer, grade 6, Elliott, L. B.	4,425
Engineer, grade 4A, Keyt, W. E.	3,870
Engineer, grade 3, Lambert, J. B.	3,510
Assistant engineer, vacant—not being filled at present.	
Engineer, grade 2, Saint, J. B.	3,120
Engineer, grade 3B, Webster, A.	3,435
Engineer, grade 3, Faulkner, C. F. P.	3,270
Technical officer reconstruction, grade 1, Milavsky, D. S.	2,580
Technical officer reconstruction, grade 1, vacant—being filled	2,130
Departmental accountant, grade 2, Barwood, E. V. H.	2,880
Stenographer, grade 3, Pasmore, Miss C.	1,944
Stenographer, grade 3, Martin, Miss B. W.	1,944
Stenographer, grade 2, Corbett, E. C.	1,398
Clerk of works, grade 1, Male, D. E.	2,124
Stenographer, grade 2, Mydske, M. L.	1,536
Stenographer, grade 2, Salter, D. M.	1,380
General construction foreman, Webster, J. G.	2,310
Caretaker (storeyard), (Canoe, B.C.), Kirk, T. A.	384
Technician, grade 2, Cox, H. G.	2,580
Draftsman, grade 2, Wright, A. C.	2,190
Engineer, PWR, grade 3, vacant—being filled	3,030
Engineer, PWR, grade 3, Blanchard, A. F.	3,240
Engineer, PWR, grade 3, MacLellan, J. J.	3,240
Engineer, PWR, grade 2, Buckle, C. W.	2,880
Engineer, PWR, grade 2, vacant—being filled	2,730
Engineer, PWR, grade 1, vacant—being filled	2,130
Engineer, PWR, grade 1, vacant—being filled	2,130
Stenographer, grade 2, Gibb, H.	1,518
Mechanic—stores, McMillan, W. T.	1,764
Assistant engineer, Paget, A.	2,880
Assistant engineer, Feeney, J.	2,880

We have vacancies; I admit we are understaffed at the present time, but we are trying to fill the vacancies as quickly as possible.

Mr. MacINNIS: How do those salaries correspond or compare with salaries of engineers in private employment, other conditions being considered?

Mr. FOURNIER (Hull): I am informed that the salaries paid to engineers by the Department of Public Works throughout the country are uniform. Those salaries are inferior to salaries paid in private industry.

Mr. CRUICKSHANK: We are understaffed in British Columbia, and the officials have a tremendous responsibility in connection with both expenditures and the control over those expenditures. I heard the hon. member for Winnipeg North Centre refer to some salaries he wanted to have paid—and I have every sympathy with him. But the men about whom we are now speaking are highly skilled and they are entrusted with the expenditure of millions of dollars. I say this and other departments are derelict in their duty in not seeing that higher salaries are paid, salaries which will be more in line with those paid in civilian life.

Item agreed to.

Engineering branch—dredging—

354. Maritime provinces, $1,252,600.

Mr. McLURE: I have mentioned in the last three sessions the matter of dredging at Rustico bay for the benefit of the fishermen. I understood from the minister that the money was voted last year, but nothing further has been done. It is eighteen years since the bay was dredged and it has filled up with silt and soil. At low tide it is impossible for the fishing boats to get up to their stages when they come into the harbour. It should be dredged up to the creek which is about three-quarters of a mile away. At the present time these men must pull in their boats at the harbour at low tide

and then wait until the tide rises to get to their stages. I should like to know whether this work will be undertaken this summer, and I want a definite answer.

Mr. FOURNIER (Hull): Two thousand square yards of dredging is to be done there, but I cannot give a definite date.

Mr. McLURE: There is still nothing definite.

Mr. FOURNIER (Hull): It is on our list of dredging to be done by dredge No. 17.

Mr. McLURE: It is time it was done.

Item agreed to.

Engineering branch—dredging—

357. British Columbia and Yukon, $569,000.

Mr. CRUICKSHANK: Would this item cover dredging made necessary by the present flood conditions?

Mr. FOURNIER (Hull): No, there is a special item for that.

Mr. PEARKES: It should be borne in mind that the silt is carried far out into the Pacific ocean. For years the harbours on the gulf islands and on Vancouver island have been silting up as a result of the debris and silt brought down by the Fraser river, and it is worse than ever this year. I hope the minister will arrange for adequate dredging to be done there.

Item agreed to.

Engineering branch—Maintenance and operation of roads and bridges—

365. Burlington channel bridge, $49,930.

Mr. LENNARD: What portion of this amount is for maintenance and what is normally required for operation?

Mr. FOURNIER (Hull): The figures are:

Staff, permanent and temporary..	$18,730
Operation, maintenance and supplies	31,000
Sundries	200

Mr. LENNARD: I wanted the cost of normal operation.

Mr. FOURNIER (Hull): Last year the figure was $46,888 and this year it is $49,930.

Mr. LENNARD: That is for everything?

Mr. FOURNIER (Hull): Repainting the bridge and so forth.

Mr. LENNARD: Does the Ontario government contribute toward the maintenance of this bridge?

Mr. FOURNIER (Hull): No.

Mr. LENNARD: Why?

[Mr. McLure.]

Mr. FOURNIER (Hull): It belongs to the federal government.

Mr. LENNARD: It is a highway bridge.

Mr. FOURNIER (Hull): This is one favour we are doing the province.

Mr. LENNARD: It is part of their highway system.

Mr. FOURNIER (Hull): I understand that the bridge is over a canal, a work belonging to the federal government.

Mr. LENNARD: I am an Ontario member and I am not protecting that province. I think they should pay something, and probably they should do the same thing in British Columbia and Saskatchewan. I understand that a new super-highway is to be built to cross the canal either by an elevated bridge or by a tunnel.

Mr. FOURNIER (Hull): I have no report on that. The present bridge is sufficient for our needs, but if the Ontario government want to put in another bridge they would have to make some contribution.

Mr. MacNICOL: I should like to support the hon. member for Wentworth who is thoroughly familiar with the situation. He is quite right in suggesting that a tunnel should be there rather than a bridge. The government must keep up the bridge for the passage of boats, but quite often when it is open cars will line up for half a mile back. As the minister knows, recently when the bridge was open a car ran off the end and one or two occupants were drowned.

Item agreed to.

Engineering branch—Maintenance and operation of roads and bridges—

367. Kingston, LaSalle causeway, $128,498.

Mr. MacNICOL: As the minister knows, this is on No. 2 highway, and is located in a historic part of the province. On the left is old Fort Henry and on the right is old Fort Frontenac. When the department has some money to spare the minister should consider making a memorial bridge at this point because of its historic associations. I am not finding any fault with the causeway that is there, but it really is not very presentable. Next time the minister passes there, I wish he would look at it with a view to putting up some sort of memorial entrance.

Item agreed to.

Engineering branch—Construction, repairs and improvements — harbours and rivers — Prince Edward Island—

372. Canoe Cove—breakwater, repairs, $22,000.
Charlottetown—towards wharf reconstruction and improvements, $250,000.

Harbours and rivers generally—for maintenance of services, no new works to be undertaken, and to authorize commitments against future years in the amount of $35,000, $90,000.
Launching pond—boat harbour (revote $50,000), $74,000.
Little Sands—wharf reconstruction, $70,000.
Montague—wharf reconstruction (revote), $26,000.
North Lake—reconstruction of breakwaters, $73,000.
Red Head—harbour improvements, $7,000.
Souris—breakwater repairs, $50,000.
Summerside—railway wharf—repairs to wharf and reconstruction of shed (revote $7,000), $90,000.
Summerside—to take over and reconstruct Holman's wharf, $35,000.
Tignish—repairs to breakwaters (revote $63,400), $90,000.
Wood Islands—wharf improvements (revote $67,000), $192,000.

Mr. McLURE: One item here covers harbours and rivers generally, and I think I should refer again to Rustico harbour where protection is needed for the lighthouse property, the fishermen's houses and their equipment, such as boats and stages. This whole harbour is now threatened whenever a heavy storm comes up. Representations have been made to the minister from time to time and at least twice efforts have been made to put up a jigsaw breastwork as a protection. When the seas are very heavy the expenditure is just a waste of money. Ten or twelve thousand dollars have been spent there within the last two years and this amount is not worth ten cents as a protection for that beach. Some piles should be driven in there and a strong wall built. That work would have to be done only once. The sand would then collect inside of it and form a breastwork itself.

If the engineers were instructed to look into this matter carefully you would not be wasting $5,000 or $10,000 annually putting in the jigsaw affairs you put in there, which provide in a storm no more protection than a ten-cent article. Just an ordinary storm would wash the whole thing away. It would throw it up on the bank and, if the storm continued, the whole beach and all the dwelling houses would be swept away. This is a serious enough matter for some good engineers to look into it.

I sent the minister a copy of the plan of how the work should be done. That plan originated from fishermen who had lived there all their lives. One more storm like the one we had last fall—and it was not particularly severe—and you can say good-bye to your lighthouses as well as to the dwellings there. I serve notice on the government that they will be responsible to the fishermen for the loss of their property, because representations have been made to the government.

I notice that most of this vote is a revote, except $250,000 toward wharf reconstruction and improvements at Charlottetown. Is this amount required for building a new warehouse, or is it for an extension to the wharf?

Mr. FOURNIER (Hull): The Rustico problem has given me many a headache. Our engineers did try out some works there, I do not know with what success, but the report which the hon. member makes is not a very good one. At one time I sent down the assistant chief engineer, and his report was that these works were of an experimental nature, and that if they did not answer the purpose a change of plans would be necessary. The department is looking seriously into the situation at Rustico.

The $250,000 for Charlottetown is required toward reconstructing the east side of the railway wharf, widening the wharf, dredging in the east berth and replacing the present frost-proof warehouse; total estimated cost, $634,000.

Mr. HAZEN: This morning the Minister of Public Works was furnished with valuable information about the waters of our lakes and rivers from some members who reside inland in this dominion. While I listened to them, I thought of the words of a maritime poet:

Smile, ye inland lakes and rivers;
Flush, ye mountains in the dawn;
But my roving heart is ever
With the ships of grey Saint John.

Now that we have returned in these estimates to the lonely sea and sky, I should like to say a word or two on behalf of some fishermen in the constituency I have the honour to represent. I wish to direct the minister's attention to one matter, and one matter only, and that is the condition of the wharf at Lorneville in the county of Saint John. A year or so ago, one summer day I sat on the beach at that village talking with a fisherman who was repairing his boat, and in the course of the conversation he said to me, "You know, I feel more at home on the water than I do on the land." I had never heard a man express that point of view before; afterwards I asked one or two men in the village who go out fishing what they thought about it, and they said: "Most of us fish, two men in a boat. We start off in the late afternoon, drift all night, and come back in the morning. Some days when it is foggy and rough many of the boys say, we are not going out tonight, but this man always went out in his boat alone, no matter how dirty the weather". He felt more at home on the water than on the land.

The condition of the wharf in that fishing village is deplorable. There is no wharf left. I received a letter from the minister of the main church in that village a year or so ago, asking if something could not be done about the wharf, and I have had other applications about it. I have taken this matter up with the minister and his department at different times, and in January, 1946, I received a letter from the acting minister, notifying me that consideration was being given to this wharf and that the possibility of a new wharf being constructed was under study. The wharf is all gone now, and that is a great handicap to the fishermen. I again bring the condition of that wharf to the attention of the minister and trust that he will give it his further consideration.

I should like to know just what is the present position with respect to the wharf and breakwater at Chance Harbour, a small fishing village. The wharf was badly in need of repairs, and a year or so ago some money was voted to restore the wharf and breakwater. What is the position at Chance Harbour now?

In conclusion, I want to thank the minister for the dredging done at Dipper Harbour. Dredging was badly needed there. It has been done and it has proved of great service to the fishermen in taking their boats in and out and in moving what they call their cars, which are large wooden boxes which float in the water and in which they keep their lobsters.

Mr. FOURNIER (Hull): I cannot make any promise, but I have told my officials that I should like to have these two projects studied. I should like to see a report on the conditions at Lorneville and Chance Harbour, and if they are as described by the hon. member he may be sure that I personally will see that something is done.

Item agreed to.

Engineering branch—construction, repairs and improvements—harbours and rivers—Ontario—

375. Belle River—reconstruction of training wall, $34,000.

Bracebridge—redredging, the provincial government to bear a like amount (revote), $42,000.

Britt—wharf (revote $9,500), $13,500.

Brockville—breakwater reconstruction, $138,000.

Bronte—reconstruction of piers (revote $37,000), $212,000.

Byng Inlet—wharf (revote $9,600), $13,500.

Cockburn Island—reconstruction of harbour works (revote $22,500), $56,000.

Collingwood—harbour reconstruction and improvements (revote $63,000), $75,000.

Fort William—dredging (revote $31,000), $85,000.

[Mr. Hazen.]

Gananoque—wharf extension, $8,600.

Hamilton—towards harbour improvements (revote), $300,000.

Harbours and rivers generally—for maintenance of services no new works to be undertaken, and to authorize commitments against future years in the amount of $75,000, $275,000.

Kenora—repairs to wharves (revote $42,000), $58,000.

Kincardine—repairs to piers, $30,000.

Kingsville—harbour repairs and improvements (revote $111,000), $140,000.

Little Current—site for wharf (revote), $25,000.

Macdiarmid—breakwater repairs, $15,000.

Meaford—revetment wall (revote), $7,000.

Midland to Parry Sound—towards dredging inside channel (revote), $200,000.

Morson—wharf replacement (revote $7,400), $10,500.

North Bay—wharf improvements, $10,000.

Ottawa—(Rideau river)—repairs to walls and tail race (revote $41,000), $64,000.

Pelee Island—wharf improvements (revote), $28,000.

Penetanguishene—harbour improvements (revote $24,000), $87,000.

Port Arthur—dredging (revote $231,000), $340,000.

Port Arthur—breakwater (revote $210,000), $300,000.

Port Bruce—reconstruction of pier (revote $28,000), $38,000.

Port Burwell—reconstruction of pier, $110,000.

Port Colborne—breakwater repairs (revote $25,000), $34,000.

Port Dover—checkwater repairs and extension, $8,000.

Port Elgin—breakwater repairs (revote $71,200), $78,000.

Port Hope—harbour repairs (revote $121,000), $200,000.

Port Rowan—harbour repairs and improvements (revote $29,000), $33,000.

Redwood Road—wharf (revote), $4,500.

Salmon Point—breakwater extension (revote $13,000), $17,100.

Sand Point—wharf repairs, $39,000.

South Baymouth—harbour improvements (revote $45,000), $100,000.

Sturgeon Falls—wharf extension (revote), $8,400.

Tobermory—wharf and dredging (revote), $43,000

Toronto—harbour maintenance (revote), $45,000.

Wallaceburg—extension to wharf and warehouse, $31,500.

Whitby—repairs to harbour works, $230,000.

Mr. BARRETT: I should like to inquire what is to be done at Port Dover and Port Rowan. The wharf at Port Dover is in a dangerous condition due to lack of repairs. What is the extent of the repairs that are to be made at Port Dover for $8,000, which seems to me inadequate for the work that is absolutely necessary there? What does the government propose to do in the way of dredging at Port Dover? This is not a problem that concerns my constituency alone. I think the chairman will bear me out that the opening of Port Dover to make it possible to have a

ferry service across the lake would be of great interest to quite a large territory north of that port. The cities of Brantford, Paris, Galt, Kitchener, and even Guelph are particularly anxious to have this port opened. A deputation was here last winter and brought this matter to the attention of the department. The opening of the port would enable cross-lake traffic to reach a densely populated section of the United States, eastern Ohio and Pennsylvania. If that harbour could be opened up by dredging so that a ferry could get in, it would be of great benefit, not only to the port itself but, as I have said, to this territory in Ontario north of Port Dover.

Mr. FOURNIER (Hull): The expenditure of $8,000 on Port Dover is detailed in this way: raising the height of and extending the crib work checkwater by providing 1,200 tons of rubble stone at a cost of $7,200. Inspection and contingencies amount to $800. Dredging was carried on by local agreement with Mr. George Gamble in 1946. The removal of 6,000 cubic yards of class B material at eighty cents a cubic yard; probable expenditure in 1947-48, $3,840.

Mr. BARRETT: That has already been done.

Mr. FOURNIER (Hull): The hon. member wants the large project of $500,000?

Mr. BARRETT: No, I was not suggesting that. Has any consideration been given to the dredging of sand out of the harbour? In years gone by, this harbour could accommodate ferry boats. I remember in my youth that a large car ferry used to come in there.

Mr. FOURNIER (Hull): We are considering this matter. I note that there is a study here. An estimate has been made of the dredging, but it has not been presented. It was made up for my information. I shall look further into it.

Mr. BARRETT: What is proposed to be done at Port Rowan? There is a fairly large vote for that.

Mr. FOURNIER (Hull): Work is under contract at that place.

Mr. BARRETT: Is it for dredging?

Mr. FOURNIER (Hull): No. It is for rebuilding the inner seventy-one feet, spans 1 to 5 inclusive, repairing balance of wharf, repairing head lock by driving steel sheet piling, filling with stone and gravel with a concrete deck slab; and construction of a steel sheet pile wall on the west side of the dredged slip. Amount of contract, $29,692; inspection and contingencies, $3,308. There is an estimate of $6,300 toward dredging at that place. We are making a survey.

Mr. BARRETT: The wharf at Port Dover is in an equally dilapidated condition. I was wondering why there was not a larger vote for that. I presume it has been studied by the engineers. It is in really a dangerous condition at the present time. I notice that the wharf at St. Williams is not included in the item. Has that work been done? I spoke to the minister on that a year ago. I understood a vote was to be put in the estimates for repairing the wharf at St. Williams. The last information I had was that no wharf had been started there.

Mr. FOURNIER (Hull): If work is to be done there it will be taken out of the general vote.

Mr. MacNICOL: I should like to ask one question on item 375. The Pelee island wharf amounts to $28,000. I am glad to see that. In vote 844 of the supplementaries an amount of $50,000 appears for the same thing. Is that the same wharf, or are there several wharves?

Mr. FOURNIER (Hull): The work under contract at Pelee island is as follows: removal of cribwork protection pier, 14 feet by 164 feet, from the east to the west side of the north wharf, and extension of the newly placed pier a distance of 83 feet. The estimated cost is given as $28,000. That is in the main estimates. In the supplementary estimates there is an amount of $50,000 for demolition of the cribwork superstructure and reconstruction in steel and concrete of the inner portion of the north wharf, for a length of 373 feet.

Mr. MacNICOL: I am glad to see that. It is a beautiful island. There is quite a lot of transportation between the island and the mainland. Anything that makes shipment easier is better for the island.

Mr. WEBB: There are a couple of items in which I am particularly interested. They are the breakwater at Brockville and the wharf extension at Gananoque. Is it the intention of the department to have this work done this year?

Mr. FOURNIER (Hull): Yes, it is the intention to have the work done this year.

Mr. WEBB: I come to the item "harbours and rivers generally—for maintenance of services, no new works to be undertaken, and to authorize commitments against future years", and so on. What does that item mean?

Mr. FOURNIER (Hull): It covers all repairs to existing structures, but no new projects.

Mr. WEBB: It does not take in all of the wharves and so on going up the river.

Item agreed to.

Engineering branch—Construction, repairs and improvements—harbours and rivers—Saskatchewan, Alberta and Northwest Territories—

377. Bell Rock (Fort Smith), Northwest Territories—wharf, $200,000.
Cold Lake, Alberta—harbour improvements (revote $6,000), $23,000.
Fort Fitzgerald, Alberta—wharf repairs and extension, $95,000.
Fort Franklin, Northwest Territories—wharf repairs and extension, $22,000.
Harbours and rivers generally—for maintenance of services, no new works to be undertaken, $25,000.
Waskesiu Lake, Saskatchewan—harbour improvements (revote), $65,000.
Waterways, Alberta—reconstruction of wing dams, $23,000.
Yellowknife, Northwest Territories—wharf (revote), $23,000.

Mr. MacNICOL: The first item is "Bell Rock (Fort Smith)". Is "Fort Smith" correct? Should it not be Fort Fitzgerald?

Mr. FOURNIER (Hull): It is Bell Rock. There is no mistake about that. This vote is to provide wharfage facilities at Bell Rock urgently required in connection with transshipment of freight going north. A wharf built by the Northern Transportation Company Limited in 1945 and formerly used for this purpose has been practically destroyed since that time.

Bell Rock is the northern terminus of the twenty-one mile portage to Fort Fitzgerald, and all water-borne freight for points north of Fort Smith carried by the Northern Transportation Company Limited is shipped from Bell Rock.

Item agreed to.

Engineering branch—construction, repairs and improvements—harbours and rivers—British Columbia and Yukon—

378. Bella Coola—wharf replacement (revote), $146,000.
Campbell River—fishing harbour (revote), $100,000.
Campbell River—wharf repairs and extension (revote $33,000), $132,000.
Chemainus—harbour improvements, $10,000.
Columbia River—protection work, $37,000.
Ford's Cove (Hornby Island)—breakwater and float (revote), $14,000.
Fraser River—towards improvements (revote $175,000), $300,000.
Fraser River—reconstruction of North Arm jetty, $40,000.
Fraser river and Vancouver harbour—dredging (revote), $400,000.

[Mr. Webb.]

Harbours and rivers generally—for maintenance of services, no new works to be undertaken, and to authorize commitments against future years in the amount of $75,000, $425,000.
Keat's Island—pierhead replacement, $12,000.
Nanaimo—wharf repairs and improvements (revote $8,000), $24,000.
New Westminster—wharf reconstruction and extension (revote $18,000), $125,000.
Port Alberni—harbour improvements (revote $40,000), $450,000.
Port Clements—wharf repairs, $38,000.
Prince Rupert—roadway and renewal of fishermen's floats (revote $30,000), $72,000.
Ruskin—wharf replacement, $8,000.
Sandspit—wharf renewal, $75,000.
Sechelt—wharf repairs and improvements (revote $23,000), $56,000.
Sointula—harbour improvements (revote $45,000), $50,000.
Stewart—wharf repairs (revote $43,500), $65,000.
Vananda—wharf replacement, $65,000.
Victoria—dredging (revote), $122,000.
Westview—replacing fishing harbourage (revote), $133,000.
White Rock—wharf repairs (revote), $44,000.

Mr. GREEN: This includes an item as follows: "Fraser river, reconstruction of North Arm jetty." Will that figure complete the repairs to the jetty, or is it only taking one more bite out of the job?

Mr. FOURNIER (Hull): This amount of $40,000 is to provide for the reconstruction of the portion of the north arm jetty between the shore of Ione island and the inner end of the completed rock mound.

Mr. GREEN: Will that complete the repairs to the jetty?

Mr. FOURNIER (Hull): No, I do not think so.

Mr. GREEN: How much more will be required to complete these repairs?

Mr. FOURNIER (Hull): There is another vote in the supplementary estimates for the Fraser river, towards improvements, the further amount required being $350,000.

Mr. GREEN: I cannot understand why the repairs are not being completed this year.

Mr. FOURNIER (Hull): If the hon. member will look at the vote he will see that there is a sum of $300,000 under the heading, "Fraser river, towards improvements". These improvements are a part of the different works that are to be done there. The object is to raise the north arm jetty to an elevation above high water level by the construction of a rock mound eight feet wide at the top, seven feet wide at the centre, over a brush mattress sixty feet wide by 8,775 feet long, with three pile marker dolphins at 200-foot intervals where required from station 208 to station 295, at an estimated cost of $800,000.

Mr. GREEN: Is the $300,000 to be applied on the north arm jetty?

Mr. FOURNIER (Hull): It will be applied on three different works. There is a contract with Gilley brothers for strengthening protection work along the Lulu island bank of the Fraser river between Canada Rice mills and No. 9 highway.

Mr. GREEN: That is a long way from the jetty.

Mr. FOURNIER (Hull): There is another project, namely, training walls or dikes. In the Sapperton bay area the construction of two open pile dikes, upstream dike 800 feet long, downstream 733 feet with a 200 foot wing, protected at ground level with rock mound with height one-third the depth of the water, at an estimated cost of $95,000.

Mr. GREEN: The jetty is built of rock and runs out into the water, and what I want to find out is how much it will cost to complete the jetty.

Mr. FOURNIER (Hull): I am told, $800,000.

Mr. GREEN: Over what period will that be done? Apparently it is not to be finished this year.

Mr. FOURNIER (Hull): I am told, about three years.

Mr. GREEN: Is there to be any dredging in the north arm of the Fraser?

Mr. FOURNIER (Hull): We are dredging the year around there.

Mr. GREEN: The minister will recall that representations were made here by the parties using the north arm of the Fraser river. Those representations were submitted some months ago, and I have the resolution that was passed by the Vancouver board of trade on March 4 of this year. It reads:

> That suitable added dredging equipment be made available to provide:
>
> 1. The maintenance of a deep sea channel of thirty feet in depth on the Fraser river from Port Mann on the main river to the gulf of Georgia and of sufficient width for the safe movement of 10,000-ton freighters.
> 2. On the north arm Fraser a channel of not less than ten feet at low tide and 150 feet wide from New Westminster to Marpole and from Marpole to the gulf of Georgia a channel of fifteen feet at low tide and 300 feet wide.

Has the department accepted that plan and are steps being taken to dredge these channels as requested?

Mr. FOURNIER (Hull): I received a delegation some months ago and I believe I have on file a copy of the resolution to which the hon. member refers. When the request was made I was not convinced that everything in the resolution was justified, and I had my deputy go there about a month ago. He has met these people and investigated the request. At the time these estimates had been prepared and we did not add to them; but during the year, on the report of the deputy minister, we shall certainly make a further serious study of the request for that dredging.

Mr. GREEN: None of this dredging is to be done during the coming year?

Mr. FOURNIER (Hull): Some dredging is being constantly done, but not on the scale on which these people would have us do it. Two courses might be followed, having another new dredge or giving contracts. The deputy minister was out there for the special purpose of studying the situation, in the supplementary estimates we have estimated $800,000, and this year the sum of $350,000 is to be spent, so that in three years we shall finish it.

Item agreed to.

Telegraph and telephone services, operation and maintenance—

386. British Columbia and Yukon, $730,000.

Mr. IRVINE: Is there included in this vote a sum sufficient to recondition the entire telephone system in the Peace River block, and, secondly, does the vote include money to recondition the line between Clayhurst and Dawson Creek? A third question is whether the work will be done forthwith. I should like to have the answers to these questions. If the minister will answer them I will shut up; if he does not, I will make a speech.

Mr. FOURNIER (Hull): The special projects referred to by the hon. member are not included in this vote.

Mr. IRVINE: But it is a general vote for the whole of the Yukon and the Northwest Territories.

Mr. FOURNIER (Hull): This is administration and everything, but it does not embrace the specific projects mentioned.

Mr. IRVINE: If this does not, is there any other vote that does?

Mr. FOURNIER (Hull): There is one project in connection with Dawson Creek. We have an item of $96,500 for that in the supplementary estimates.

Mr. IRVINE: Exactly what is proposed to be done along that line? I want to know whether that $96,000 will include repairing the line?

Mr. FOURNIER (Hull): If the hon. gentleman will wait until we get to the item, I will have the information.

Mr. IRVINE: I will do that.

Item agreed to.

Architectural branch—Construction, repairs and improvements of public buildings—Ontario—

824. Barrie—public building (revote $20,000), $80,000.

Chapleau—public building, $25,000.

Chatham—public building, $50,000.

Cornwall—public building, $50,000.

Delhi—public building, $25,000.

Dominion public buildings—improvements and repairs—further amount required, $300,000.

Dundas public building—addition and alterations, $20,000.

Fergus public building—addition and alterations, $29,000.

Fort Erie—customs building—addition and alterations, $50,000.

Geraldton—public building, $24,500.

Kenora public building—addition, alterations and improvements—further amount required, $54,000.

Little Current—public building, $50,000.

Ottawa—addition to mines and resources site on Carling avenue—further amount required, $10,000.

Ottawa—central heating plant—repairs and replacements—further amount required, $45,000.

Ottawa—departmental office building—further amount required, $350,000.

Ottawa—east block—improvements, $165,000.

Ottawa—improvements to heating in Woods and Canadian buildings, $70,000.

Ottawa—national research building—improvements and repairs—further amount required, $55,000.

Ottawa—parliament buildings—improvements—further amount required, $23,000.

Pembroke—public building, $25,000.

Peterborough—public building, $50,000.

Picton—public building—addition and alterations, $25,000.

Port Colborne public building—addition and alterations, $26,000.

Sault Ste. Marie public building—further amount required, $150,000.

Tecumseh—public building, $31,000.

Toronto city delivery building—extension, restoration, mechanical equipment and addition to site—further amount required, $76,000.

Toronto—postal station "E", $30,000.

Waterloo public building—addition, alterations and improvements—further amount required, $8,000.

Mr. LENNARD: With regard to Dundas public building, addition and alterations, the minister has not yet given me the information I requested. I asked for it several days ago.

Mr. FOURNIER (Hull): Yes. I will get it in a second. It is proposed to construct a one storey addition, twenty-one feet by forty-four feet, with basement, concrete foundations, masonry walls and to carry out extensive alterations to the existing building including new screens and boxes.

Item agreed to.

Architectural branch—Construction, repairs and improvements of public buildings—Manitoba—

825. Brandon public building—addition and alterations, $30,000.

Dominion public buildings—improvements and repairs—further amount required, $100,000.

Flin Flon—public building, $100,000.

Grandview—public building, $49,000.

Pine Falls—public building, $35,000.

Winnipeg immigration building—repairs and improvements, $25,000.

Winnipeg—postal station "A"—improvements—further amount required, $12,500.

Mr. ZAPLITNY: This is the item on which I wished to speak before. The minister is away ahead of me, because we have carried on negotiations on this for about three years. I want to know whether that means a post office. Will the minister throw some light on that?

Mr. FOURNIER (Hull): It is proposed to erect a one storey structure, thirty-two feet by fifty-two feet, with basement, concrete foundations, wood framing, brick facing, stone trim and felt and gravel roof. The estimated cost is as follows: site, $2,000; building, $38,000; grading and sidewalks, $1,000; fittings and boxes, $2,000; supervision, $1,200; contingencies, $4,800; a total of $49,000.

Mr. ZAPLITNY: I thank the minister for that information, but my question was whether this was for the purpose of a post office.

Mr. FOURNIER (Hull): Yes. That is what the hon. gentleman asked for.

Mr. ZAPLITNY: I just wanted to make sure this was a post office. It says here "public building".

Mr. FOURNIER (Hull): Public building for postal services, I suppose.

Mr. ZAPLITNY: Yes. I merely want to say this. The people of Grandview and district will be happy to see this item in the estimates. On their behalf and on behalf of the Grandview board of trade and the town council, I wish to say that they will appreciate this coming through after the many years they have had to wait. The only other question I wish to ask is whether the construction on this building will begin this summer.

Mr. FOURNIER (Hull): As soon as the plans and specifications are ready we will ask for tenders.

Mr. MOORE: I should like to ask the minister a question with regard to the public building being constructed at Flin Flon, which I presume will be a federal building. When will that be proceeded with?

Mr. FOURNIER (Hull): I will give the hon. member the same answer as I gave the hon. member for Dauphin. As soon as plans and specifications are ready, we will ask for tenders.

Item agreed to.

Architectural branch—construction, repairs and improvements of public buildings—Alberta—

827. Calgary—accommodation for Department of Trade and Commerce—further amount required, $10,000.
Chief Mountain—customs and immigration building, $75,000.
Dominion public buildings—improvements and repairs—further amount required, $100,000.
Leduc—public building, $25,000.
Macleod—Public building, $25,000.
Red Deer—public building, $50,000.

Mr. SHAW: I should like to ask if this appropriation for a public building in Red Deer is for postal purposes?

Mr. FOURNIER (Hull): Yes.

Mr. SHAW: If so, what is contemplated that this appropriation shall cover?

Mr. FOURNIER (Hull): The proposed building will be a two-storey brick faced structure forty-eight feet by seventy-four feet, with a two-storey annex at the rear forty feet by fifty feet. It will have concrete foundations, masonry walls and stone trim. It is for the use of the post office, unemployment insurance commission and soldier settlement board at Red Deer.

Mr. SHAW: It is indeed gratifying for us to realize that finally concrete action is being taken to solve the postal problem in the city of Red Deer. However I must confess that I am not too happy about the information the minister gave just at the conclusion of his remarks. Experience in other quarters, notably in Calgary, has proved that where a building has been constructed to be utilized for postal services, and where other branches of government have been permitted to move in, it has always been at the expense of the postal services. While I am most grateful that action is being taken in this connection, I fear that eventually we shall continue to be confronted by a problem in connection with the post office. I urge the minister to give some consideration to the prevention of other departments from moving in and simply squeezing the postal services out. I think the minister realizes that is something which has been done. I am advised that in Calgary we have an excellent example of what occurred where other branches of government have moved in. I know the people of Red Deer would have me express appreciation that something is being done, but I certainly hope the minister will concentrate on the requirements of the postal service and see that they do not suffer because other branches of government move into the same building.

Item agreed to.

Architectural branch—construction, repairs and improvements of public buildings—

832. Accommodation for the taxation division of the Department of National Revenue, $2,000,000.

Mr. GREEN: Will the minister explain this vote?

Mr. FOURNIER (Hull): The explanation is that I have had repeated requests from the national revenue department, saying that all over the country they lack space for their offices, that they have increased the number of their staff, and that they are in arrears in assessments and so forth. They have asked for a general vote, so that if we find space in Toronto, or Montreal or Vancouver, that could usefully serve the purpose of the taxation branch, we would have it, and I would not be in the position of having to say to the department, no, I have not the funds, but we may deal about it and try to purchase the buildings. This is a request from that department.

Mr. GREEN: In other words, it is a blanket request for $2,000,000?

Mr. FOURNIER (Hull): Absolutely.

Mr. GREEN: To be spent, if, as and when quarters can be found?

Mr. FOURNIER (Hull): That is the position.

Mr. GREEN: What cities does that apply to?

Mr. FOURNIER (Hull): From Halifax to Vancouver. The last case I have had, and I have had a special item, was to buy the Begg building.

Mr. GREEN: That was under a different item.

Mr. FOURNIER (Hull): Yes, because we have completed that deal. But that has been going on for quite a while. I have no estimate, no appropriation; I am only serving that other department. They know their needs better than I do as to space and number of employees. This was thought to be the only way, because I cannot specify one building

right now in Halifax, Moncton, Montreal, Toronto, Winnipeg or anywhere all over the country.

Mr. GREEN: I suggest that this is an unusual way to deal with the matter.

Mr. FOURNIER (Hull): It is.

Mr. GREEN: An unusual way to appropriate funds. I do not understand how the Minister of Finance could let this get by. Here is a vote for $2,000,000 to buy buildings for the income tax division. There are no buildings to be purchased at the present time. It is just a blanket vote for $2,000,000 to acquire properties if, as and when such become available. It is not known in what centres they will be acquired. The minister said it might be anywhere from Halifax to Victoria. There should be some more definite allotment.

Mr. ABBOTT: It is a matter which would come under the jurisdiction of the Minister of National Revenue, but it would be handled by the Department of Public Works. As the minister has explained, the Department of National Revenue is short of space. This is somewhat in the nature of a token vote.

Mr. GILLIS: There seems to be a tendency on the part of government officials to conclude that Canada ends at Halifax. I notice the minister referred to something extending from Victoria to Halifax. I would point out to him that there are 360 more miles of Canada east of Halifax.

Mr. FOURNIER (Hull): I have good reason to know that. If I had not, the hon. member would not have got the post office at Dominion.

Item agreed to.

Engineering branch—dredging—

837. British Columbia and Yukon, further amount required, $118,100.

Mr. GREEN: Is any of this for dredging in the Fraser river?

Mr. FOURNIER (Hull): No. We have another estimate for $500,000.

Mr. GREEN: We have not yet come to any estimate for dredging resulting from the floods?

Mr. FOURNIER (Hull): Not yet. There is the estimate for half a million dollars, and another one later on.

Item agreed to.

Engineering branch—construction, repairs and improvements—harbours and rivers—Prince Edward Island—

841. Annandale—boat basin, $12,000.

[Mr. Fournier (Hull).]

Fishing Cove (Cape Egmont)—wharf and breakwater, $47,000.

Montague—wharf reconstruction — further amount required, $8,300.

Mr. McLURE: I see here a provision for the boat basin at Annandale, which is a very good thing. Did the minister receive a petition from the fishermen at Murray Harbour, north, with reference to a boat basin or boat harbour to be built there?

Mr. FOURNIER (Hull): I cannot recall offhand. I can look it up after I get back to the office, and let the hon. member know.

Item agreed to.

Engineering branch—construction, repairs and improvements—harbours and rivers—Ontario—

844. Belleville—harbour improvements, $7,000.

Britt—wharf—further amount required, $2,600.

Christian Island—wharf extension, $16,000.

Collingwood—harbour reconstruction and improvements—further amount required, $200,000.

Dryden—wharf, $38,000.

Fort William—dredging—further amount required, $95,000.

Goderich—redredging and repairs to harbour works, $228,000.

Grand River conservation scheme—contribution towards cost of preliminary plans, test drilling, etc., in connection with proposed dam on the Conestoga river (revote), $8,000.

Haileybury—repairs to harbour works, $24,000.

Hamilton—towards harbour improvements—further amount required, $500,000.

Honora—wharf replacement, $8,500.

Island Grove—wharf, $23,000.

Kenora—repairs to wharves—further amount required, $16,000.

Kincardine—repairs to piers—further amount required, $18,000.

Kingsville—harbour repairs and improvements—further amount required, $45,000.

Loon Lake—wharf, $8,300.

Midland to Parry Sound—towards dredging inside channel—further amount required, $40,000.

Montreal river—to complete wharfage facilities, $4,500.

Nighthawk river—contribution towards improvements, $10,000.

Nipigon—wharf extension and dredging, $65,500.

Owen Sound—harbour improvements, $105,000.

Pelee Island—towards wharf reconstruction, $50,000.

Port Arthur—breakwater—further amount required, $175,000.

Port Colborne—breakwater repairs—further amount required, $60,000.

Riviere des Mille Iles—dredging, $40,000.

Rondeau (Erieau)—repairs to piers, $85,000.

Sheguindah—dredging (revote $13,000), $20,000.

Spanish—wharf extension, $7,200.

Sturgeon Falls—wharf extension—further amount required, $4,600.

Toronto—towards harbour head wall, $500,000.
Wade's Landing—wharf and dredging, $9,000.
Wheatley (Muddy creek)—towards fishing harbour, $50,000.

Mr. LENNARD: I notice an item for a wharf at Loon Lake. There are about thirteen Loon Lakes in Ontario. Which one is it?

Mr. FOURNIER (Hull): In the constituency of Fort William.

Mr. LENNARD: I have an article here from the St. Thomas *Times-Journal,* which states:

Port Stanley improvements in supplementary estimates

Word has been received by local municipal officials through Gordon Newell of Springfield that an amount has been placed in the supplementary estimates for 1948 for the extension of the west pier to the south and east to provide the much-needed protection for the harbour.
Mr. Newell was informed through the Department of Public Works at Ottawa that the sum had been placed in the supplementary estimates. He notified deputy reeve W. C. Wheaton.

In the regular estimates there are votes for Port Bruce, Port Burwell, Port Colborne, Port Dover, Port Elgin, Port Rowan, Kingsville, Pelee Island and Morson. I think nearly every port and sandbar on the Canadian shore of lake Erie is mentioned, or some amount is allotted to it. But for some reason or another Port Stanley has been left out of the picture. Was Mr. Gordon Newell correct in saying he had received this word from the Department of Public Works, or where was the slip-up?

Mr. FOURNIER (Hull): I do not meet everyone who comes to the Department of Public Works to get a wharf, jetty or breakwater. These people may have come to the department. I have seen the file with respect to Port Stanley; it is being studied. We have not yet all the data. Further estimates will be up next year, and we hope we shall have some decision at that time.

Mr. LENNARD: Apparently Mr. Newell did not receive word from the department.

Mr. FOURNIER (Hull): I cannot recall having seen him.

Mr. LENNARD: The article states that Mr. Newell was informed through the Department of Public Works at Ottawa that the sum had been placed in the supplementary estimates.

Mr. FOURNIER (Hull): I have the story now. There is a list of projects standing in the department, and this is one of them. Probably he was told from my office that the item is being considered.

Mr. LENNARD: He says he was informed by the department.

Mr. FOURNIER (Hull): That we would recommend it; but that does not necessarily mean that it would receive approval.

Mr. CARDIFF: I notice here a vote of $228,000 for redredging and repairs to the harbour at Goderich. Has that anything to do with the extension work in the harbour? If so, I have not much to say.

Mr. FOURNIER (Hull): It is to repair the damage done by spring floods, and to do some dredging and filling in caused by the floods.

Mr. CARDIFF: For some years we have been trying to have some work done in the harbour. It is a dangerous channel, because of its being so narrow. It is one of the most important harbours in western Ontario. More grain passes through that point than perhaps any other port on the lake. For that reason we feel that the department is justified in spending some money on it. We do have some large steamers come in there heavily loaded with grain and, depending upon the wind, at times they have to anchor outside the harbour for days before they can venture in.

I believe the work has been in progress for some time. I should like to know how much has been accomplished. I dare say the work is going ahead favourably, but I wonder if the minister would not take steps to have this channel widened so as to make it safe for large boats entering that port.

Mr. FOURNIER (Hull): This is all we can do in the present year, but it is not final by any means. We still have Goderich on our list, and we are considering doing further work there.

Mr. MacNICOL: I wish to support the hon. member's request in connection with Goderich harbour. The problem of lake transport has long been a study of mine, and last fall I made several trips to Goderich harbour. What the hon. member has said is correct. The channel is narrow and requires deepening, and furthermore there is an island almost in the middle of the harbour which, in my judgment, is one of the best harbours on the east coast of the great lakes. I know representations were made to the minister by the chamber of commerce, and I should like to know if anything is to be done toward the removal of that island?

Mr. FOURNIER (Hull): This is part of the whole project for the improvement of Goderich harbour which will cost something over

$1,000,000. We do not feel that we can spend more this year than is mentioned here, but this is not the end of all the works.

Mr. MacNICOL: When ships line up beside the elevators they have to back out to get into the lake, and because of this island they can hardly get out. I imagine if you went there in November you would see possibly ten to a dozen ships in the harbour, but if the island were not there there would possibly be three or four more.

Mr. CARDIFF: May I have the assurance of the minister that the amount of money in this item will be spent while the dredges are working there, and if this amount is not sufficient to cover all the work needed perhaps an additional amount can be voted next year?

Mr. FOURNIER (Hull): I cannot add to what I have already said about Goderich.

Mr. MacNICOL: I should like to compliment the minister upon what is to be done at Collingwood harbour. I am glad to see that the department is going to reconstruct that harbour, because ships do have a difficult time to get in and out. I want also to thank the minister for the vote pertaining to the Grand river conservation scheme. I may say that scheme was first mentioned by myself a few years ago when I promoted a scheme in this house for a program of flood control. At that time I recommended a dam on the Conestoga river and one on the Grand river about three miles north of Fergus. The dam was not constructed on the Conestoga, and I am glad to observe that provision is being made to build that dam.

Item agreed to.

Engineering branch—construction, repairs and improvements—harbours and rivers—Manitoba—

845. Assiniboine river—repairs and improvements to diking, $17,000.

Mr. CASTLEDEN: I think the minister has done very well by Canada generally. Votes are provided for Ontario, Quebec and the other provinces, and provision is made in this vote for diking on the Assiniboine river. The Assiniboine river flooded its banks at Kamsack this spring and serious damage resulted to residential and farm property. I realize that this circumstance was unusual, but I should like to have the minister survey the situation to see if a little diking would not prevent a recurrence of such flooding.

Mr. FOURNIER (Hull): I shall certainly have my engineers look into that and let my hon. friend have a report.

Item agreed to.

[Mr. Fournier (Hull).]

Engineering branch—Construction, repairs and improvements—harbours and rivers—British Columbia and Yukon—

847. Balmoral—wharf, $14,000.
Billings Bay (Nelson Island)—float, $7,000.
Campbell River—wharf replacement, $132,000.
Chemainus — harbour improvements—further amount required (revote $6,700), $8,000.
Comox—towards wharf replacement, $100,000.
Davis Bay (Wilson Creek)—breakwater and float, $17,000.
Fraser River—towards improvements—further amount required, $350,000.
Fraser River—remedial work on Lulu and Sea islands (revote), $31,000.
Fraser River (Kirkland Island)—extension of channel protection, $13,000.
Gambier Island (Camp Georgie)—wharf, $24,000.
Harrison River—extension to shear boom, $8,000.
Nanaimo—towards dredging, $60,000.
Nanaimo—wharf repairs and improvements—further amount required, $12,000.
Okanagan flood control project—dominion government's share of preliminary costs, $75,000.
Port Alberni—towards dredging, $40,000.
Port Alberni—harbour improvements—further amount required, $34,000.
Prince Rupert (Fairview Bay)—towards breakwater, $75,000.
Roberts' Creek—wharf repairs and improvements—(revote $20,400), $100,000.
Squamish—towards wharf repairs and improvements, $50,000.
Tofino—harbour repairs and improvements, $20,000.
Trail—landing, $8,000.
Ucluelet West—floats, $7,500.
Victoria—dredging—further amount required, $30,000.

Mr. GREEN: This vote has to do with British Columbia and the Yukon, and I notice that there are some items covering the Fraser river.

Mr. FOURNIER (Hull): I explained to the hon. gentleman that the total work would cost $800,000, to be spent in three years. This year we have a vote for $350,000.

Mr. GREEN: That item is for the north arm jetty?

Mr. FOURNIER (Hull): Yes.

Mr. GREEN: None of these items is for flood control work?

Mr. FOURNIER (Hull): No. When we get to that item I will let the hon. member know.

Mr. FULTON: What is the situation with regard to dredging at Shuswap lake? We have been having correspondence about this matter, and I should like to know whether the dredging will be finished in time to have the improvement work done?

Mr. FOURNIER (Hull): I am told it is expected that the dredging will be ready by the middle of July.

Mr. HERRIDGE: Could the minister tell me what item would cover the construction of wharves in Kootenay West?

Mr. FOURNIER (Hull): That would be under the general vote, and I have not the list before me.

Item agreed to.

Engineering branch—Construction, repairs and improvements — harbours and rivers — Yukon—

848. Lewes river—toward taking over, reconstructing and maintaining dam, $40,000.

Mr. MacNICOL: Is the dam referred to here to be constructed upriver or downriver from Whitehorse?

Mr. FOURNIER (Hull): This item is to provide for taking over the Lewes river dam from the White Pass and Yukon route without cost to the crown and reconstructing a section of the dam; also maintaining and operating costs for 1948-49. The total estimated cost of reconstructing the dam is $125,000.

Proposed action is strictly in the interest of navigation as, by the filling of a considerable storage area above the dam in the fall and winter and by releasing the water in the spring to break up the ice in the Yukon river below, navigation is advanced some three to four weeks each spring.

The Yukon river system is the main highway of that country and maximum operation is essential for transport in of supplies and for shipping. During the 1947 season, 14,000 tons of freight and 4,000 passengers were transported over this waterway.

This vote is made up as follows:

Grouting of one section of crib..	$11,500
Grout machinery	7,500
Seven buttresses at $1,300 each..	9,100
Maintenance and operation	10,000
Contingencies	1,900
Total	$40,000

Mr. MacNICOL: I do not believe there is a dam downriver from Whitehorse, so that it must be upriver.

Mr. FOURNIER (Hull): It is above.

Item agreed to.

Engineering branch—Construction, repairs and improvements—harbours and rivers—Generally—

849. Protection works generally—to provide for remedial works where damages are caused by, or endanger, navigation or federal government structures—further amount required, $100,000.

Mr. GILLIS: Would this appropriation cover the construction of a breakwater at Port Morien, Nova Scotia? I inquired last year how this work was progressing. The breakwater is a protection for that particular harbour, and I ask the minister, have tenders been called for, and is the work going ahead, or is the minister still trying to let the contract?

Mr. FOURNIER (Hull): We have an estimate of $360,000.

Mr. GILLIS: You had that last year. When are you going to spend it? There is no use in voting the money if you do not let the contract.

Mr. FOURNIER (Hull): The work is under contract to J. P. Porter Company, Limited, for $342,360. If the work is not started I will get in touch with the contractor. He should be carrying on the work right now.

Mr. GILLIS: That is all I wanted to know.

Item agreed to.

Telegraph branch—Telegraph and telephone services, construction and improvements—

858. Dawson Creek—Pouce Coupe, B.C.—telephone lines—improvements, $96,500.

Mr. IRVINE: May I have the information now that I asked for a little while ago?

Mr. FOURNIER (Hull): This amount is to provide for the modernization and expansion of the existing government telephone system in the towns of Dawson Creek and Pouce Coupe, British Columbia, as well as the surrounding rural areas. The total cost of this work is estimated at $96,500.

Transmission over the various circuits of the existing system has in many cases become almost impossible, due to the continued construction of power lines paralleling the government lines. In addition, the exchange system and local lines in Dawson Creek itself are no longer adequate to serve the increased requirements of the town and will have to be almost completely re-organized.

This item is to repair and extend the line between Dawson Creek and Pouce Coupe.

Mr. IRVINE: A general reconditioning of the line, I presume. That is part of what I am interested in.

Another thing I want to be sure about is telephone service for a little district called Clayhurst, which is completely isolated in the spring when the river breaks up, and again in the fall.

Mr. FOURNIER (Hull): If it is not included it can be taken care of under the general estimates if it does not cost too much money.

Mr. IRVINE: It would take only a few hundred dollars.

Mr. FOURNIER (Hull): We will do it if it costs only that much.

Mr. IRVINE: I want to thank the minister.

Mr. HERRIDGE: This is a considerable sum, $96,500, for improvements to telephone lines. This and other items would lead me to believe that the department uses a lot of poles. What species of timber is used and where is it procured?

Mr. FOURNIER (Hull): We use British Columbia cedar, the best we can find.

Item agreed to.

Telegraph branch—Telegraph and telephone services, construction and improvements—

853. Ashcroft—150 Mile House, British Columbia—improvements to telephone line, $23,000.

Mr. FULTON: What alterations or improvements are being made under this item?

Mr. FOURNIER (Hull): This amount of $23,000 is required for the purchase of carrier and terminal equipment to provide additional telephone circuits between Ashcroft and Prince George, British Columbia. The new equipment is to be installed in the department's 150 Mile House repeater station. The existing telephone circuits between Vancouver and the Cariboo in British Columbia as far north as Prince George are inadequate to handle the present volume of traffic and, with the increase which may reasonably be expected to develop in the next year, serious delays in the clearing of traffic would be encountered. In order further to relieve the existing overloaded single Vancouver-Prince George circuit, it is also proposed to provide a high level circuit between Ashcroft and Prince George by the installation of one repeater, two terminal and the necessary filter equipment.

Mr. FULTON: There is nothing there for the telephone exchange at Williams lake. Is that expenditure contemplated next year?

Mr. FOURNIER (Hull): I will look into that.

Item agreed to.

935. To provide for repair of flood damage to federal government structures and telegraph and telephone lines and for redredging of filled-in channels, $550,000.

Mr. GREEN: Would the minister explain this item?

Mr. FOURNIER (Hull): This item is to provide for repairing the damages caused to federal government works by the disastrous floods in British Columbia.

When this estimate was prepared the waters were still too high to make surveys in order to ascertain accurate estimates of the damages. However, from telephone reports from our district officers it is obvious that considerable repair work and re-dredging filled-in channels will have to be undertaken as soon as the water level recedes sufficiently.

In view of the above, it is proposed to use this $550,000 wherever it is most urgently required. In the meantime, however, a rough estimate of the requirements is as follows:

(a) Telegraph and telephone lines—	
1. To repair and replace cross arms, poles and wire in the Fraser river valley on government lines	$ 54,000
2. In the Skeena valley from Prince Rupert to Prince George	50,000
3. Contingencies	21,000
	$125,000
(b) Harbours and rivers—	
1. Urgent repairs to diking at Lulu island to protect the main channel of the Fraser river	50,000
2. Redredging filled-in channel through Annieville Bar (main channel approach to New Westminster)	350,000
(c) Contingencies	25,000
Total	$550,000

Mr. CRUICKSHANK: How much of that is for re-dredging?

Mr. FOURNIER (Hull): For re-dredging, $350,000.

Mr. CRUICKSHANK: Am I to understand that it is contemplated to spend only $350,000 for re-dredging the Fraser river?

Mr. FOURNIER (Hull): No, this is to take care of the siltation after the flood waters have receded. The $350,000 is for re-dredging the filled-in channel through Annieville Bar, which is the main channel approach to New Westminster.

Mr. CRUICKSHANK: That is merely the mouth of the Fraser river. I should like the minister to check with his officials and tell me whether any items have been provided for dredging the upper reaches of the Fraser river from New Westminster to Hope.

Mr. FOURNIER (Hull): Not in this one.

Mr. CRUICKSHANK: Has it been provided in any other item?

Mr. GREEN: No, it has not.

Mr. FOURNIER (Hull): I shall have to get a report from my officials. As I told the hon. member, Mr. Goodspeed is out there. If he reports that we have to do some work of one kind and another we shall follow his technical advice on that. If it is found out that it is necessary his report will be considered in Ottawa.

Mr. CRUICKSHANK: Am I to understand from the minister that if Mr. Goodspeed recommends that further dredging is required at the port of New Westminster or at Hope—

Mr. FOURNIER (Hull): I do not know the location well enough.

Mr. CRUICKSHANK: The minister's officials know the location or should know it. What I want to be clear on is the amount to be provided other than the ordinary estimates to do the dredging recommended by the engineers.

Mr. FOURNIER (Hull): Perhaps I am a little tired, because I do not get the import of the hon. gentleman's remarks. We have sent out one of our best engineers to survey and report, in co-operation with an engineer appointed by the province of British Columbia, as to repair of the works and what we can do on the Fraser river following the flood. We shall do our utmost to repair the damage done there. Anything further than that I do not know.

Mr. CRUICKSHANK: I think I have been fair about it. I have not mentioned floods this afternoon. I am speaking of the normal dredging conditions on the Fraser river. I certainly intend to speak on floods when the special supplementary estimate is before the committee. What I am trying to ascertain from the minister is this. I have stated repeatedly, since I have been in the house, that the present dredge cannot adequately care for the dredging of the Fraser river. It is a forty-year-old dredge, and can only take care of the mouth of the Fraser river. I am not talking about flood repairs or damage. Do the estimates to which the minister has referred apply to dredging out the Fraser river above New Westminster to Chilliwack? If the minister has not that information he should get it for me before the house rises, because I think I am entitled to it. Surely his officials must know whether they have made any recommendation for adequate dredging of the Fraser river from McDonald bar to Matsqui island bar. Surely his officials must have that information. If not, the other officials must have it.

Mr. FOURNIER (Hull): After the floods, we felt that we needed this amount over and above our ordinary estimates to keep the Fraser river channel in as good condition as possible. This is a supplementary vote to our ordinary vote. As to the conditions on the Fraser river, this amount will not be included in any agreement with the province. That estimate will come under another department.

Mr. CRUICKSHANK: Then I am to understand from the minister that this vote has nothing to do with the ordinary dredging in the Fraser river. This vote has nothing to do with the repair or replacement of dikes.

Mr. FOURNIER (Hull): No.

Mr. CRUICKSHANK: This is an additional vote. As I understand the minister, with his usual caution, and if I might put it that way I would say extreme caution because he comes from central Canada, he is prepared to state that $550,000 is not sufficient to reopen the channel and keep it in the condition it should have been. He is prepared to recommend to the government that sufficient funds will be voted, on the advice of his officials, to see that that is done.

Mr. FOURNIER (Hull): What the hon. gentleman is discussing would come under a special vote.

Mr. CRUICKSHANK: No. That is the point I am trying to get away from.

Mr. FOURNIER (Hull): At this stage we think $350,000 will be sufficient to reopen the channel and put it in good condition. If we have not enough money to do that I shall see that we try to find some more.

Mr. GREEN: The weakness of the minister's position is this. There should be some money voted for additional work on the Fraser river. This vote is only to make good the damage that has been done.

Mr. FOURNIER (Hull): That is right.

Mr. GREEN: Some hon. members, notably the hon. member for Fraser Valley, have asked that there be more extensive dredging done, particularly in the portion of the river above New Westminster. No money is being voted for that purpose today. If the minister's engineer reports back that additional dredging should be undertaken in the upper part of the river no money is voted for that purpose. This figure of $550,000 contains only $350,000 for dredging. The rest of it is for telephone and telegraph lines and other items of that type. Only $350,000 is being voted for re-dredging the filled-in channels. What we are asking is that, in addition to the dredging of the present channel, deeper channels be dug. As the hon. member for Fraser Valley says, that means more dredges, and it means more expenditure. No money whatever is voted for that purpose. The minister says he will fill in with whatever added amount may be needed, but my submission is that that is not sufficient. There should be a vote for this new kind of dredging in the Fraser river.

Mr. FOURNIER (Hull): Perhaps I have not made myself clear. This estimate has nothing to do with any agreement on the Fraser valley flood conditions. That is under other items. My department is responsible for navigation and has to do dredging and maintenance works. That comes under my department. This amount will do the dredging necessary to keep navigation where it was before the floods, or even make it better.

Mr. GREEN: The hon. member for Fraser Valley was not in the house when the minister gave the details. The minister said that dredging was all to be done below New Westminster.

Mr. FOURNIER (Hull): If some was recommended by my engineer we would do it.

Mr. GREEN: No. The figure of $350,000 is for work below New Westminster. What I am suggesting is that if the government is to do any new dredging, or any new type of dredging, above New Westminster there should be some money for that purpose in the supplementary estimates, but there is no such vote.

Mr. CRUICKSHANK: That is the point I am trying to follow through. I am not worrying about the amount that has been voted for dredging below New Westminster bridge. I am not talking about the flood conditions. That will be taken up under the vote in the name of the Minister of Finance. When we reach that I shall discuss flood conditions. So far as I can see, no item is provided for dredging the Fraser river from the New Westminster bridge eastward as far as you want to go. One may say the Mission bridge or above Hope or Rosedale. The minister talked about keeping the navigable part of the river in the condition it was before the floods. That is entirely out. I informed the minister, and am prepared to prove it by pictures, by affidavits or by anything else he wishes, that that is not good enough.

I shall mention two districts, Matsqui island and McDonald bar. You can practically wade across the famous Fraser river. I maintain that no item has been provided in either the main estimates or the supplementary estimates for the dredging of that channel. No provision has been made, so far as I can find, in the main estimates, the supplementary estimates or the further supplementary estimates, to provide equipment for that service. I am asking the minister to give me an assurance that he will make a proper recommendation to the government in this matter.

I frankly admit that neither the minister nor anyone else can state now what amount will be required; but on behalf of the people whom I represent, the people who are most affected, I ask the minister to give me an assurance that a recommendation will be made to the government that McDonald bar, Calamity Point and the Matsqui island bar will be dredged out; and not merely for the purpose of providing navigation, because no navigation has been possible for the past fifteen years, owing to neglect on the part of the Department of Public Works, both federal and provincial. I would ask the minister to give me the assurance that further sums will be recommended. I cannot say how much will be required, and I do not think the minister can say at this moment what will be required, but I submit that he should tell this committee and assure me, as representing the people of that riding, that, by order in council if necessary, funds sufficient will be found to dredge this channel, in order to make it safe, not only for navigation but for the safety of the two trans-Canada railways, the trans-Canada highway and the whole economy of Canada. I think the minister should be in a position to give that assurance.

Mr. FOURNIER (Hull): What I say to the hon. gentleman is that, relying on the knowledge of my assistant chief engineer, Mr. Goodspeed, of conditions out there, if he recommends to the department that these works are necessary in the public interest I will recommend them to the government.

Mr. GREEN: But we do not want the work to be held up for another year. I would point out to the committee that in item 832 the minister brought down—

Mr. FOURNIER (Hull): We do not know whether we are going to dredge or raise the banks. We are waiting for the report of the engineers.

Mr. GREEN: In item 832 the minister brought down an estimate for $2,000,000 which was to be spent for purchasing buildings for the taxation division if, as and when such buildings can be located. He did not even know in what towns or cities they were to be. Now we are asking that there be a vote for the Fraser river for necessary work to be done there. We are asking that some money be allotted for this work at this session, so that when the engineer's report comes in some work can be done this year without having to wait until another year or eighteen months from now. This is the point I make.

Mr. FOURNIER (Hull): Tell me the amount—$350,000.

Mr. GREEN: That is not so. That $350,000 is for dredging work below New Westminster.

Mr. FOURNIER (Hull): If recommended.

Mr. GREEN: According to the minister's own statement, there is not one cent for dredging work above New Westminster, and we are asking that a sum be provided so that work can be done above New Westminster.

Mr. CRUICKSHANK: I am not talking about flood damage or anything else of that description, but about dredging. Surely the minister can tell me this. What provision has been made to date to acquire suitable dredging equipment? You cannot acquire a dredge overnight. When we built the famous Sumas dike, which held, thanks to its erection under Dudley Barrow, who built it, we brought a dredge from the Panama canal. In the province of British Columbia, ever since 1940, the federal government has had one two-by-four dredge—I have forgotten the name; it is either the Samson or the King Edward—which is forty years old, which could only keep the port of New Westminster open. I have no objection to keeping that port open. I see a vote for dredging in the port of Victoria. I have no objection to that, but what is the reason? It is for the great commercial interests. I can tell you that we had to rush dredges over from the Fraser river there during the war. The war is over and we can say these things now. The fact is that we had to rush dredges there in order to get into that dry dock. Those dredges were taken off the Fraser river.

I am surprised that the British Columbia members have not got up and demanded—not requested but demanded—that suitable dredging facilities be procured immediately for the great Fraser river from one end to the other.

Mr. YOUNG: I should like to raise a point with the minister. He can correct me if I am wrong, but I believe he said the idea was to restore the channel of the Fraser river to the condition it was in before the flood.

Mr. CRUICKSHANK: God help us.

Mr. YOUNG: If that is the statement, it is necessary to draw to the attention of the department the fact that, in the opinion of the majority of the people on the spot, that will not be sufficient. It has been pointed out by the hon. member for Fraser Valley that at one time the waters of the Fraser were navigable at a much higher position than they are today. That river is in a condition of geological maturity and it is silting up in all its upper reaches. As a consequence of that fact, the dangers of the flood menace, of which we have had experience recently, are due largely, or in part at any rate, to the failure to retain the condition of the river, from the navigable point of view, as it was fifteen or twenty years ago.

If the policy of the department is merely to restore the condition of the river as it was before the floods, I suggest that that policy is short-sighted, and the ministry would do well to take into consideration the condition of the river as it was fifteen or twenty years ago and attempt, by dredging the upper reaches, to restore it to that position.

The DEPUTY CHAIRMAN: Shall the item carry?

Mr. GREEN: Has the minister no answer to give?

Mr. FOURNIER (Hull): I was wondering whether the hon. gentleman meant that the fact that we had not dredged certain parts of the river was the reason for the flood, because the hon. member for Vancouver North made quite a speech the other night, stating the causes, in his opinion, of the flood, and he never referred to the fact that we had not dredged the river.

Mr. CRUICKSHANK: Yes, he did, definitely.

Mr. FOURNIER (Hull): What part of the river would have been responsible for it?

Mr. CRUICKSHANK: I have discussed the matter ever since 1940, and the hon. member for Vancouver South will bear me out in this. I am not an engineering authority, but I do not believe the officials of the department have complete knowledge in the matter. I gave it as my opinion however, and an opinion which I believe will be borne out by any engineering authority in Canada, that if you obstruct the flow of the great Pacific ocean and the water from the Rocky mountains the effect will be an adverse one. The hon. member for Vancouver North spoke on my behalf in my absence, and I have pointed out to the minister that if the federal and provincial governments had done their duty in keeping the channel clear, at least one district, the Matsqui, would not be today in the position of having 10,554 acres under water.

Mr. GREEN: As I understood the hon. member for Vancouver North, he said that the dikes were being made by using material from the farm land and at the same time the river bottom was gradually filling up and getting higher until the river was rising above the surrounding land. He suggested that the river bottom should be dredged out and the silt taken from it used to build up the dikes,

instead of using material from the farm land. We suggest that there be dredging planned and undertaken by the dominion.

Mr. FOURNIER (Hull): I will follow the engineer's report. We asked for an estimate of $350,000 because the session is at its close. We have not received the report, but my officials think that, with this $350,000, they can do the work they believe our engineers and the British Columbia engineers will recommend right now. Perhaps I am wrong and perhaps they are wrong, and perhaps my hon. friends are all right. I do not know.

Mr. GREEN: How much would a new dredge cost?

Mr. FOURNIER (Hull): Between $800,000 and $1,000,000.

Mr. GREEN: How long would it take to get it?

The DEPUTY CHAIRMAN: Shall the item carry?

Mr. CRUICKSHANK: No.

Mr. FOURNIER (Hull): You would not get that dredge for two and a half years.

Mr. CRUICKSHANK: I have been hoping the minister would say that. Since 1940 I have asked that question. I have asked it ever since I made my first speech on May 28 in connection with the flood. I asked if any equipment had been ordered or if any had been provided. Now I am told by the minister that it will take two and a half years to get it. I would point out to you, Mr. Chairman, that I am still not talking about floods. If we get the dredge there, and we pump this material out, it must settle; it must be dredged before it is put in effect; and no engineer dares to deny that fact. To tell me that it will take two and a half years—

The DEPUTY CHAIRMAN: This is an item—

Mr. CRUICKSHANK: Just a minute, Mr. Chairman, this is on dredging. I listened to one hour of nonsense on a discussion on divorce the other day; surely we can have half an hour on flood conditions which, after the member for Fraser Valley's speech on May 28, the Prime Minister admitted were a national calamity. Surely we can have one hour on this subject; and I am still not talking about flood conditions. With regard to dredging this Fraser river, to the best of my knowledge there are only two dredges available. One is owned by the dominion government, and is used entirely at the mouth of the Fraser river; the other one is privately owned.

Now I am asking—and I repeat that I am asking—the Minister of Public Works to tell me what provision has been made. Never mind what the ultimate cost will be or who will pay for it. I want to know what provision has been made or what attempts have been made to date to secure adequate provision for dredging equipment. Just today I received a letter by air mail from a friend of mine, asking if we had as yet attempted to bring in a Dutch engineer, a man from a country in which they make real dikes. I do not know whether we need a Dutch engineer. I think the Canadian engineers are competent, but I do not think the equipment at their disposal is capable of doing the job.

I am asking my question again. The minister has admitted to me that it will take two and a half years to get this equipment. Surely to goodness, if it takes two and a half years to get the equipment to provide adequate dredging, the sum of $350,000 to dredge the great Fraser river from Hope to the mouth at Steveston is entirely inadequate. As the hon. member for Vancouver South said—and I have no dispute over the amount that was voted for this particular item—

Mr. GREEN: $2,000,000.

Mr. CRUICKSHANK: —if you can vote that amount for one item without knowing the ultimate cost, you can vote far more than $350,000 for dredging, not to protect the farmers of the Fraser valley whom I represent, but to protect the great Pacific coast. If you have any trouble with Russia, God help you if you have no defences on the Pacific coast. Yesterday Mr. Churchill, who is one of the greatest statesmen of all time, said that we do not know what will be around the corner tomorrow; yet here we are twiddling around with $350,000 for dredging at a time when our two transcontinental railways are out of action. The Canadian National, which we, the people of Canada, own, is still out of action and is still unable to operate to the Pacific coast. Any arsenal that you may have at Kamloops is subject to flood, and you could not get at it if it was not subject to flood because you have no railway or road to it. Yet we are twiddling around here with $350,000 for dredging.

I would say to the minister that I should like to go home just as much as anybody else. I have a longer distance to go than have most hon. members, and I have been here longer than most hon. members—I do not mean in

years, but in actual attendance in this house. I think hon. members will bear me out in that statement.

If we are to twiddle around and talk about these other matters, when I am told that a vote of $350,000 is sufficient for dredging and am then told that it will take two and a half years even to get dredges—

Mr. GREEN: And none have been ordered yet.

Mr. CRUICKSHANK: And none have been ordered yet—that is the point. I think every hon. member will bear me out that on May 28, the first time I spoke, I asked if any equipment had been ordered, and I find that none has been ordered yet.

Mr. FOURNIER (Hull): Does my hon. friend know that dredging is done by the government and under contract? There are two ways of proceeding with this. Actually does my hon. friend know that we have a new dredge under contract, working right now with —and I have forgotten the name. We are dredging all the time and there are dredges out there. When we cannot use our own dredge we give contracts. This amount of $350,000 is to do that.

Mr. GREEN: Does the minister not think an additional dredge is required on the Pacific coast?

Mr. FOURNIER (Hull): There may be a need for it, but I am told that we can give contracts for the dredging we need; the equipment is available. We need not have the equipment. We can give it to private companies as we do on the Atlantic coast or on the Pacific coast. The way some hon. members are arguing you would think the dredging is done only by government dredges. But that is not the case.

Mr. GREEN: We do not think any such thing.

Mr. FOURNIER (Hull): Hon. members have pointed out what it would cost the department to get a new dredge and the time it would take; and somebody says there is only $350,000 for that purpose; that we shall have to wait for two and a half years for this dredge. This is all nonsense. The $350,000 is for dredging and not for the purchase of a dredge.

Mr. CRUICKSHANK: I intend to follow this through right now, because it is a matter of record. On file in my office is the record with regard to Nicomen Slough. I am proud of the fact that the minister and his officials saw fit two years ago to do some $58,000 worth of dredging in Nicomen Slough, which happens to be in my riding. As I say, I am proud of that fact. I will tell you why they did not do it last year. After awarding the contract, the one and only available dredge, while coming from Vancouver island was upset and sunk and could not come in to complete the job. Then, in the face of that, I am told about private dredges being available. The one and only dredge was sunk on its way from Vancouver island, and could not come in to do the job.

Mr. FOURNIER (Hull): Where does the under-contract one come from?

Mr. CRUICKSHANK: But you could not complete the job last year because you did not have the dredge. I have the correspondence up in my office stating that. I am sorry that the minister and his officials at Ottawa do not realize that this is not a penny ante thing like Nicomen Slough; it is an immense project. According to their estimates—and I admire and approve what the government has done for us—it will cost millions of dollars. And they talk about having equipment for a $58,000 contract which they did not have last year. But I still have not talked about floods, Mr. Chairman.

Mr. POULIOT: I am glad to support the hon. member for Fraser Valley, who has spoken on behalf of his constituents and on behalf of the region of Fraser valley for years. I give credit also to my good friend the hon. member for Vancouver South, the hon. member for Kamloops and the new member for Yale. Everyone is well disposed, and the minister is the first one to be well disposed in this regard. I do not see why the hon. member for Fraser Valley should consider the minister is opposed to his views. He is ready to accept them to the extent to which he has facilities to go on with the work that he requests should be done now. I understand that when the people of Chilliwack and other places in the Fraser valley such as Kamloops, Vancouver and Yale read the report of what has happened this afternoon, they will say, We have champions in the house. On the other hand, those who will be in the limelight will be champions of their part of the country, and quite legitimately so. I congratulate them; I would do the same, to a certain extent. However I would be fair to the minister. I have been told so often that civil servants were infallible, when it was not true; now I shall protest when it is said they are fallible, when it is untrue.

I have great respect for the headquarters of the Department of Public Works. They are men of experience. I see here the deputy minister. I know personally the chief engineer, having gone to college with him. He

was first in his class, and is a remarkable man. I knew Mr. Cameron and Mr. Hunter. The staff in the Department of Public Works is one of the best of all government departments, because they are trained to be precise. They have studied mathematics and engineering; and in that department are some of the very few civil servants who know that two and two make four.

Those men are familiar with conditions. There is a district engineer in British Columbia. The only trouble was that perhaps the Prime Minister was too late in admitting that there was a national emergency and in subscribing to the urgent request made by the Minister of Trade and Commerce to send help at once. Why did the Prime Minister wait to see that it was a national disaster? The dominion government is going to help these people, just the same as I would save my neighbour's furniture if his house took fire. I would not be afraid of being arrested for trespass. This was a condition of national emergency, and it was the duty of the federal government to be there, just as the Minister of Trade and Commerce was there. If the Prime Minister had used that language the hon. member for Yale would not have been elected; there would have been a Liberal elected in that constituency.

Some hon. MEMBERS: Oh, oh.

Mr. POULIOT: I do not wish hon. members to laugh, because I am serious. It was an error in tactics.

Mr. GREEN: You mean the hon. member for Vancouver Centre, not Yale.

Mr. POULIOT: I was speaking of the hon. member for Yale. I know these hon. members, and they are all good looking. But, sir, here we are, with the Minister of Public Works being made the goat for the disaster which has occurred. It was a case of *force majeure;* it is sinister, and it is a calamity. We are doing our best. Perhaps the Premier of British Columbia was too late in asking for help from the dominion government. But we will recall that the army was there, and that men from the engineering staff were there, right on the spot, to help those who were the victims of this national calamity.

When I think of the provisions made by the Minister of Public Works to come to the assistance of our fellow citizens who have suffered to such an extent in British Columbia, particularly in the Fraser valley, one of the richest parts of this marvellous country, I am ready to give them credit. Although I admire the hon. member for Fraser Valley, who has been fighting this case with such elo-

[Mr. Pouliot.]

quence and such vigour for such a long time, and although I admire hon. members of the Progressive Conservative party and of the C.C.F. party, and even probably the Social Credit party—I am not sure about that, because they have no representatives in that part of the country—let me say we are one in saying that something should be done at once for the relief of these people and for their security, so that in the future they will not have to fear the elements.

I am ready to place confidence in the Minister of Public Works, whose heart beats with that of the hon. member for Fraser Valley—and for that I give him credit. I am suggesting that the hon. member for Fraser Valley see the Minister of Public Works, his deputy and his chief engineer and discuss the problem quietly with them. If he does, his electors will see nothing in the press until the great help comes; then they will be even more proud of their member.

Mr. GREEN: May I suggest that the minister follow this course; that he bring in a further supplementary estimate which will provide funds from which he can at least start his work in the upper Fraser valley, and order a dredge. He has no vote at the present time from which he can do either of those things. I do not think there is any doubt that the committee would pass such a further supplementary, and there is still time to do it. That would get around our complaint. We are complaining that no provision is being made in the estimates so that the work we want done can be proceeded with, if it should be found necessary. I implore the minister to follow that course and to bring down a further supplementary estimate.

The DEPUTY CHAIRMAN: Shall the item carry?

Mr. GREEN: No. I want an answer.

Mr. FOURNIER (Hull): I hope we can come to some understanding. You are giving me advice as to what we should do. The hon. member is giving me advice as to what we in the public works department should do in this instance. Will he tell me what amount he wants? Will he tell me what it will cost? That is the first question I want answered.

Mr. GREEN: The minister said a dredge would cost—

Mr. FOURNIER (Hull): I want to know from the hon. member who is going to run this item exactly what he would place in the estimate he wants introduced.

Mr. GREEN: I would suggest that the minister bring down a further supplementary estimate for, let us say, $500,000.

Mr. FOURNIER (Hull): On what would you base that?

Mr. GREEN: On exactly the same basis that the minister brought down an estimate for $2,000,000 to buy office space for the income tax division across Canada—not even knowing what it will cost or in what cities it will be. He brought in that $2,000,000 item, and the Minister of Finance got up and said it was all right to pass, although he admitted that it was an unusual procedure to follow. Today we have a national emergency about which we on the Pacific coast are greatly concerned. We are only asking the minister to bring in a similar vote for $500,000. Then the money would be there with which at least to start doing some of the work the hon. member for Fraser Valley wants done.

Mr. FOURNIER (Hull): Would you just give me time to explain to you my predicament? Am I to follow your advice as to the amount of an estimate, or am I to rely upon the advice of my advisers in the department, men who are engineers and who know the district as well as anyone in the house? Mr. Goodspeed and Mr. Morton are the two engineers who are handling our part of the work. They have the confidence of the hon. member for Vancouver South and of the hon. member for Fraser Valley. They know him. Those men say to the minister, "In our opinion with the knowledge we have of conditions out there, and our technical knowledge, we believe the estimate required to do the necessary work is this estimate of $550,000". That is one side of the matter. I have been here for an hour listening to the hon. member from Vancouver South—well, the hon. member for Fraser Valley did not go quite that far; he did not mention an amount. These three hon. gentlemen ask for a million dollars instead of the $550,000. They do not give the basis of their estimate. They simply say, "Put in a new dredge". Well, that is easily said.

If the hon. member was an expert in dredging and dredges I would follow his advice. But I am satisfied I have the advice of about the best men in this country in the matter of dredging and dredges. If I do not follow their advice, I believe I will make a mistake. This afternoon I ask hon. members to think of my position, and whether I should take the advice of these officials. I ask the hon. member to think of the position I am in and to decide if I am to take his advice—which I do not believe is serious—or that of my engineers.

Mr. GREEN: What do you mean by that?

Mr. FOURNIER (Hull): You are advising a larger estimate, but my officers tell me that this is sufficient.

Mr. GREEN: Does the minister mean that I was not in earnest when I made my suggestion?

Mr. FOURNIER (Hull): Oh, you are in earnest; but you do not know how to prepare an estimate for dredging. There are in the department people who know how to prepare these estimates. Do you not think I would be wiser to follow the advice of those gentlemen in a case like that than to say, after listening to the speeches I have heard, to the Minister of Finance, "It is not sufficient; we want a million or a million and a half"?

Mr. GREEN: There is one fact the minister completely overlooked. He has not yet received the report from his engineer, Mr. Goodspeed. When he does get that report he will have no money with which to carry out the additional work.

Mr. FOURNIER (Hull): Wait until you see the estimates of the Minister of Finance.

Mr. GREEN: We have the estimates of the Minister of Finance before us and they have nothing to do with dredging. All we are asking is that the minister bring in an estimate so that he will be in funds to carry out the recommendations of the report by Mr. Goodspeed.

Mr. CRUICKSHANK: I ask the minister to give us assurance—

Mr. FOURNIER (Hull): I did.

Mr. CRUICKSHANK: I have no intention of criticizing the Minister of Public Works, because in some ways he has been fairly generous with me since I have been a member. He has even spent three or four thousand dollars in my riding in the last few years. I have every personal admiration for him, but I am entitled to criticize the actions of his department as they concern my riding. I am the member who is most directly concerned with this matter. I agree with the hon. member for Vancouver South that when you can vote $2,000,000 for something unknown like playing chess with your wife's brother-in-law, surely you can vote $2,000,000 to provide something that is really required. Can the minister give me, the member most directly concerned, the assurance that if his engineers, in whom I have every confidence, as I have expressed this

afternoon, recommend that not $550,000 but $5,000,000 is required he will recommend that an order in council be passed providing that sum? That is all I ask. God knows it is hard enough to get $50 from the treasury board, but I think he should give assurance that sufficient funds will be provided to take care of what the Prime Minister has referred to as a national calamity.

Mr. YOUNG: I would point out to the minister that the statement made by the hon. member for Vancouver North, as reported on page 5204 of *Hansard,* reads as follows:

> The river in the olden days was navigable as far as Yale, but in recent years what little dredging has been done by the federal government has been done only in the lower stretch between the sea and the city of New Westminster. The upper fifty miles, where the flooding is so bad, has been almost untouched by dredges.

The minister says it is the policy of the department to put the river in the condition it was in before the flood, but the suggestion made by the hon. member for Vancouver North has been completely lost sight of. His suggestion was that some effort be made to estimate the cost of re-dredging the river to the depth where it was fifteen or twenty years ago. If that were to be done, then the minister could come to us with an estimate which would be of some value to the Fraser river area as a whole, as well as to the people throughout British Columbia.

The present condition of the Fraser river is of such utmost importance that it should be investigated completely. I ask the minister if he is willing to recommend to his engineers, the men in whom he has confidence, that an attempt be made to estimate the cost of dredging the fifty miles of the river above New Westminster.

Mr. FOURNIER (Hull): The engineers were sent out there to do what the hon. member is asking should be done, to make a survey and to report. I am ready to recommend to the government that that report be carried out.

Item agreed to.

At six o'clock the committee took recess.

After Recess

The committee resumed at eight o'clock.

DEPARTMENT OF FINANCE

68. Departmental administration, $997,990.

Mr. KNOWLES: Mr. Chairman, under this item may I respectfully ask the Minister of Finance to make a further statement on the matter about which I questioned him briefly on the orders of the day this morning. I think my question properly comes under the departmental administration item of this department.

As the minister knows, there has recently been tabled the report of the prices committee. Just where that report emanated from is a matter of interesting discussion and speculation. At any rate concurrence in he report was moved in this house by a colleague of the Minister of Finance, and although there was no recorded vote last night I believe that the Minister of Finance was in favour of the adoption of the report. Some recommendations in the report would have to be referred to other departments for consideration, but the important one certainly would come under the consideration of the Minister of Finance.

In the report there is a qualified recommendation—I admit it is qualified, but at least it goes part of the way—in favour of the reimposition of some price controls and certain subsidies. There is also a recommendation that the excise tax should be reduced or eliminated. There is a recommendation regarding unreasonable profits being taxed, and two or three other matters of a financial character. I realize that the incipient rebellions on the other side of the house, and the necessity of denying those rebellions, and so on, are becoming a little embarrassing, and no doubt the government feels that the situation has to be handled in such a way as to save face. But surely that has all been done now. Surely the presentation of that report and its adoption by this house clears the way for the Minister of Finance, and the Prime Minister with him to make the kind of changes suggested in that report.

The minister could not but note this morning that there was a general feeling of humour in the house when he said that the government had not had time to consider the report. Most of us feel that the government has been considering what was in that report for a long time, even before the members of the committee had it.

I do feel that before this session comes to an end, whether it be tonight, tomorrow night or at some future sitting, the minister should make a statement about these matters. I hope he will not be worried over the way in which we have poked at the government because of divisions in its ranks and the difficulties they have had in changing policies without losing face, but that he will tell the house and the country what the government of Canada intends to do on the basis of the

financial recommendations contained in the report of the prices committee, which as I have said has already been approved by the house.

Hon. DOUGLAS ABBOTT (Minister of Finance): As I said this morning, the report has been tabled only recently, and with the pressure of work in trying to bring the session to a close I was correct when I stated that the government has not yet had an opportunity to give full and careful consideration to the recommendations of the committee. I myself have not been able to do so. I know from a quick reading that the report recommended that the government should give consideration to certain important matters, and I can assure this committee that that consideration will be given, and given promptly, and the government's decision as to the policy which will be followed will be announced at the proper time. I do not intend to make any such announcement this evening.

I have only one word to add. My hon. friend in his usual genial way has referred to divisions among the government supporters, saving face, and so on. But may I say that this is not the first time that members of the opposition have made unwarranted assumptions as to the attitude of the government, and possibly this is another of those cases.

Mr. MACDONNELL (Muskoka-Ontario): Like the hon. member for Winnipeg North Centre, I am surprised that the minister is not ready to tell us tonight everything he is prepared to do, but I suppose that is a way that ministers have. We have before us a large item for departmental administration, involving substantial increases. The Department of Finance has now become far more than it used to be. It used to be merely a means of raising money for the expenses of the various departments of government, but now it is far more than that. Now it goes very far into our ordinary lives in its efforts to control the economy of the country.

There has been a measure of reorganization in the department this year, I understand, a sort of splitting up of functions. Would the minister give us a brief statement on that, and lay some stress on what we call the regulatory side and the extent to which the department steps into the economy of the country. I would ask the minister to say something in particular as to the relations of this department with the Bank of Canada and other important bodies in the nation, but banks chiefly.

Mr. ABBOTT: There has been no reorganization of the department this year. Last year there was some reorganization involving what I might call the top executive branch. Three assistant deputy ministers were appointed last year, and there was a rearrangement of the branches, the directorates and so on. But all that was done last year, and there has been no change made this year. The estimate for this year shows an increase of $65,901 over last year.

Mr. MACDONNELL (Muskoka-Ontario): It was the reorganization made last year that I thought the minister might speak about.

Mr. ABBOTT: It was actually made before I brought in my main estimate last year. The reorganization consisted of Mr. Kenneth W. Taylor being appointed, if I might say so, senior assistant deputy minister, but because of the fact that Mr. Taylor is still continuing to serve as chairman of the wartime prices and trade board he has been able to devote only a portion of his time to the duties of assistant deputy minister of finance. Of course, as the committee is aware, he is also head of the emergency import control division, which is under the direction of the Minister of Finance. One other assistant deputy minister who was appointed last year was Doctor Eaton, who for some time had been head of the taxation branch of the department. He also was given the status of a deputy minister, but is still continuing to perform the duties of head of the taxation branch. Mr. R. B. Bryce, who had been one of the senior officers of the department, was made assistant deputy minister. Mr. W. C. Ronson was made master of the mint. Since that time Mr. Bryce has been assistant deputy minister with particular responsibility for the treasury board side of the department. Mr. M. W. Sharp, who had been in the department for many years, is director of the economic policy division. Mr. Deutsch, who is known to a good many members of the committee, is head of the commercial branch. These were the principal—well, they were not changes, they were actually giving to these very valuable officers of the department a status which I think was well merited as a result of the work which they had been performing during the war years. There has been no fundamental change in the organization of the department, except, as I say, to recognize the particular responsibilities of those who were in it.

There has been no substantial increase in the administrative cost. The increase is $65,000 odd. All of that is substantially to provide for various salary and statutory increases. As the committee is aware, there has been a general increase in civil service salaries throughout the last year, as there has been in other fields. The increase in the administrative item of the amount I mention reflects that increase in the administrative section.

Mr. MACDONNELL (Muskoka-Ontario): Will the minister say a word more about the various boards, or would that come more properly under a subsequent item?

Mr. ABBOTT: So far as the wartime prices and trade board is concerned, that is under a separate item. Perhaps it might be better to deal with it there, because I shall have the officers of the board here with the relevant data.

Mr. KNOWLES: May I take just a moment longer to get clear, if I can, the significance of the minister's answers to my questions a moment ago. On all previous occasions during the past number of months when any of us have asked whether consideration was being given to the reimposition of any price controls or subsidies, the minister, although perhaps in a roundabout and polite way, always said no. He always made it clear that he had nothing to add to the position already taken by the government. Do I understand from what he said tonight that, in view of the recommendations of the prices committee report that some controls and some subsidies be restored, this matter will now be considered by the government?

Mr. ABBOTT: The position is this. As my hon. friend knows very well, the government has power under the National Emergency Transitional Powers Act to impose any price controls it wishes to up to March 31 next. Certain price controls are still in effect. There are certain articles which are still subject to price ceilings. There are one or two subsidies still in effect. The power is there to extend them, if that is desired. The committee—I have not the report before me—recommended that the government should consider the retention of price controls in selected cases where extreme hardship would result if they were not continued. I think it is recommended that the government should consider the continuation of subsidies under similar circumstances where hardship might result. These recommendations will be considered. As I say, there are some commodities which are still under price ceiling, and there are some subsidies which are still being paid; but whether that policy will be extended or not, I am not in a position to say this evening. I therefore can make no statement on that.

Mr. GREEN: I do suggest to the minister that there is a great need for clarification on the subject of excise taxes. I hold in my hand the last Vancouver *News-Herald* in the reading room, issued on June 23, in which the following three-column advertisement appears:

Re Excise Tax.

Pending exact date of removal of the excise tax inaugurated last November 17 or clarification by the government as to their policies, all merchandise sold by us which includes this tax as of this date will be subject to price adjustment . . .

This means . . .

Immediate delivery to you from our large stock of radio and and electric appliances at . . . The new lower prices.

The day before there was an editorial in the *News-Herald* dealing with the removal of the excise tax, saying what a wonderful thing it was that at last this iniquitous tax had been discarded. As we know, the tax is still there. But this editorial and the advertisement give a clear indication of the confusion of mind that exists at least in British Columbia, and I do think it is of great importance that the minister should clear up that situation as soon as possible.

Mr. ABBOTT: I am quite aware, as are hon. members of this house, that there is a great state of confusion and uncertainty as to what is going to happen in connection with this excise tax. But may I say with all due modesty, that that state of confusion is not due to the Minister of Finance. If I may again express a personal opinion, I think it is extremely unfortunate that rumours of this kind have been circulated. There is nothing I can do about it. I made a statement in the house the other day in reply to the request of the hon. member for Muskoka-Ontario, and I have nothing to add to or to subtract from it. I said at that time that it is most unusual for the Minister of Finance either to confirm or to deny the proposed imposition or removal of the taxes. The only reason which compelled me to do so was the wide publicity which had been given to these rumours by the press, and by the request—a perfectly proper request—of the hon. member for Muskoka-Ontario. Let me say as firmly as I possibly can that I have nothing to add this evening to the statement which I made the other day in reply to his request.

Mr. MACDONNELL (Muskoka-Ontario): The minister will agree that the other circumstances were unusual too.

Mr. ABBOTT: That may or may not be so, but the Minister of Finance is not responsible for these statements.

Mr. FULTON: It is most unusual for such rumours to come from such high and well-informed sources.

Mr. ABBOTT: We have never ascertained who they were.

Mr. FULTON: The well-informed sources were substantiated afterwards in the report of the prices committee. There are certainly well-founded reasons for supposing that these rumours came by a deliberate if not a guided leak from that committee which had the sanction and perhaps lack of punishment, anyway, from the government. But I rose to ask the minister if he would report to us on another matter. It is stated again in a Canadian Press dispatch—the Canadian Press generally is close to the government sources—and the Canadian Press dispatch is reprinted in good faith by the Montreal *Gazette* of Monday, June 28, as follows:

> The government started the new fiscal year with a bang, piling up a surplus of $255,261,473 in the first two months of operations.

The article goes on:

> At the corresponding date last year the government had a surplus of $202,195,966.
>
> (The Canadian Press erroneously reported Friday that the government had started this year with a deficit.)
>
> Finance Minister Abbott said in his budget speech that he hopes to conclude the present fiscal year, which ends March 31, with a surplus of $490 million.
>
> The 1947-48 fiscal year ended with a surplus of $670 million.

The information which we have been able to obtain is to the effect that this revenue total includes $288 million in income and excess profits tax, compared with $306 million for the same two months of last year. Excise tax of $76,000,000 for these two months is much greater than last year.

Mr. ABBOTT: It is $2,000,000 greater.

Mr. FULTON: What follows from this is that over half the surplus estimated for this fiscal year has already been collected, and the total revenue for the year is $53,000,000 higher than the total revenue for the corresponding period of last year. I think that that state of affairs definitely indicates this year what we found last year, namely, bad or poor or inaccurate budgeting, because the minister has indicated that he expected to budget for a surplus of $450 million.

Mr. ABBOTT: The revenues this year are $3,000,000 lower than last year.

Mr. FULTON: He has a surplus already of over $255 million, and if things go on at this rate he will end up with a surplus of approximately $1 billion. Certainly on the basis of last year, that surplus seems well on the way to realization. Will the minister explain how it occurs, and what he will do about it by way of readjustment of taxes and particularly the removal of the special excise tax, to see that he does not take from the taxpayer far more than he needs, far more than he budgeted for, and far more than is justified by the high cost of living?

Mr. ABBOTT: I do not indulge in prophecy, and the estimates of this year were prepared on the most careful and honest basis possible. It will I hope be found when the year is ended that they have been fairly close to the mark. The early months of the year are those in which we get our large revenues, particularly so far as income tax is concerned. What has been overlooked in all this talk about extra excise taxes that were put on is the fact that the excise taxes put on consisted of an additional tax on automobiles, radios and certain household appliances such as curling irons and toasters.

Mr. HACKETT: Washing machines.

Mr. ABBOTT: No; it was not imposed on those.

Mr. HACKETT: When was it taken off?

Mr. ABBOTT: It was never put on. It was announced at first but never imposed. The tax was imposed on miscellaneous electrical appliances and refrigerators. At the same time, a fact that has never been emphasized in this house, we removed the tax from the domestic use of electricity, which affects every household, and we took off the duties that had been levied on tea and coffee, and the revenue equivalents of these taxes were very close to the estimated yield from the taxes imposed.

There has been a good deal of talk about the imposition of taxes on the necessities of life. With all due deference to those who say that sort of thing, that talk is all bunk, because there has not been any extensive taxation on the necessities of life. If anyone will tell me that a set of curling irons, or toasters, enter appreciably into the cost of living, I will tell him he is talking nonsense. If I had thought of it in time, I would have got an estimate from the bureau of statistics as to the extent to which the added excise tax on the range of electrical appliances, automobiles and so on, on which the tax was imposed, would enter into the cost of living. I venture, however, to prophesy here that it would not be one-two-three with the increase in the price of beef.

Mr. FULTON: The minister may venture to prophesy, but will he tell us why the surplus is $53,000,000 higher than it was at this time last year?

Mr. ABBOTT: That is because we reduced expenditures. May I say to my able young friend that two months of the fiscal year do not make the full fiscal year, and I would ask him to possess his soul in patience until the end of this fiscal year. If he is here then, as I am sure he will be, he can at that time make an informed criticism with knowledge of the facts.

Mr. FULTON: The criticism I make now is based upon last year's experience.

Mr. ABBOTT: It amazes me to find that people are appalled at the fact that our revenues hold up, that we have an apparent surplus of revenues over expenditures, and that it is higher than it was last year. I am delighted to see it, with a debt of fourteen, fifteen, or sixteen billions. Others, however, may not be pleased at that.

Mr. FULTON: We are certainly not, for the reason that we are wondering whether the minister is able to forecast his requirements accurately. On the basis of a comparison of the same two months this year with those of last year—and the minister has not told us what extraordinary factors enter into those two months—we find that our surplus is running $50,000,000 more than it did last year. On that basis, unless there are extraordinary factors which were not present last year, should we not assume that the trend will be continued in the remainder of the year? Can the minister tell us anything that will make us assume that it will not continue?

Mr. ABBOTT: Income tax collections are down and expenditures are down.

Mr. FULTON: Is that the minister's only explanation, or was it an interjection?

Mr. MacINNIS: I wish to touch upon the matter raised by the hon. member for Winnipeg North Centre. I do not think the people of Canada are worrying so much about the extent of the surplus, although there may be some reason for worrying about it. I have never worried about my surplus. The people, however, are worrying about the cost of living. That is the question that is worrying them and they cannot get very much satisfaction from the answer which the Minister of Finance gave the hon. member for Winnipeg North Centre. I would point out to the minister, if it needs pointing out to him, that this question of the cost of living is important, and the people are expecting some assurance that the report which was approved here yesterday, and the recommendations or proposals that were made, mean something, that they mean that something will be done about them apart from the stock-in-trade reply that they will receive consideration.

That word "consideration" has so many barnacles on it that you cannot see the word, and that kind of thing is mighty dangerous at this time. If you are going to add to the cynicism of the people of Canada towards the sincerity of the government in dealing with the question, I say that you are treading on pretty dangerous ground and some statement ought to be made. I appreciate that, as regards some of the recommendations or proposals made by the committee, the Minister of Finance cannot very well make announcements beforehand. But I would urge the minister and the government not to let this matter go by with the bare assertion that it is going to receive consideration.

Mr. ABBOTT: I said immediate consideration.

Mr. MacINNIS: I did not hear the word "immediate", but I do not doubt the minister said it. Even if the consideration is immediate, unless it is given with the view of taking action, then the consideration does not amount to anything.

Mr. QUELCH: Will the minister give a brief explanation of the regulations under which Canadian securities owned in Britain can be purchased in Britain for the purpose of obtaining Canadian currency to invest in industry in this country? Under what conditions can that be done, what type of securities must be purchased, and to what use can the money be put in this country?

Mr. ABBOTT: I take it my hon. friend is referring to the use of the proceeds of sale of Canadian securities owned by British residents for the purpose of investment in Canada. The situation there is this. As the committee is aware, under the agreement which was entered into with the United Kingdom government, and confirmed by an act of this house, relating to the non-interest bearing loan from Canada to the United Kingdom, it was provided that when dollar securities held by residents of the United Kingdom were sold or redeemed, the proceeds of sale or redemption would be used to reduce the amount of the non-interest bearing loan. That was the general provision in the agreement. In December 1946 it was agreed between the two governments that the proceeds of such sales could be used for direct investment in Canada. That is to say, if United Kingdom residents were anxious to establish plants in Canada to manufacture some commodity here, the proceeds of sale of Canadian securities held by residents of the

United Kingdom—sale or redemption—instead of being used to pay on the loan immediately, could be used in direct investment in Canada. In other words, the practical effect of that was that a negotiable security, if I might put it that way, could be converted into plant in Canada. The asset would still be in Canada, but it would take the form of some productive asset here. That arrangement has been in effect since December, 1946, I think, and that is the position today. There is no change from that position. There has not been a great deal of investment so far in virtue of that provision, but it is available for those who wish to make use of it.

Mr. QUELCH: Does that apply only to British residents, or does it apply to other people as well? That is, can people other than British residents buy these Canadian securities?

Mr. ABBOTT: That applies only to British residents, because those securities are those which have been registered by British residents with the Bank of England in London, and are under the control of the British treasury. It is perfectly true, of course, that anybody can purchase those securities; but the proceeds of the sale of the securities owned by residents of the United Kingdom must either be used to pay off the non-interest bearing loan or be re-invested in various investments in Canada, as I have indicated.

Mr. QUELCH: Are the proceeds being used for the purpose of building plants in this country, or is it not a fact that in some cases they are being used for the purchase of existing plants which, of course, would be far more inflationary?

Mr. ABBOTT: They are supposed to be used only for the actual building of plants or the extension of existing plants.

Mr. HACKETT: Will the minister state if the government exercises some control in the matter? Let us assume that the British owner of the security wished to build a plant to make a commodity which is in surplus production and which would be doomed to failure. Would the government exercise any control in a situation of that kind?

Mr. ABBOTT: No. We do not attempt to exercise control over the nature of the enterprise that the British manufacturer or industrialist wants to establish in Canada. We believe in free enterprise, of course; and if he wants to switch from a negotiable security, such as the bonds of the Montreal Light, Heat and Power or Canadian Pacific, or something like that, to a plant in Ottawa, Toronto or somewhere else, we are glad to have him do so, because that increases the productive facilities of Canada. The security must be sold or must be redeemed; that is what I meant when I said "switched."

Mr. HACKETT: I never heard of that agreement until about a month ago. Was the negotiation made public before then?

Mr. ABBOTT: I cannot say.

Mr. HACKETT: It was known to the minister, of course.

Mr. ABBOTT: We did not put any advertisements about it in the paper, but I think it has been known since early in the spring of 1947. Obviously the persons who are entitled to avail themselves of it are residents of the United Kingdom who want to establish plants here in Canada. Canadians have no control over that.

Mr. HACKETT: It is in the nature of a concession to them, is it not? Until this agreement was entered into, of which I in my ignorance had no knowledge until the other day, the proceeds from the sale of that type of security which the minister has mentioned were applied, automatically almost, against the non-interest bearing loan. That is the fact, is it not?

Mr. ABBOTT: That is right.

Mr. HACKETT: And now they may be diverted to other uses?

Mr. ABBOTT: They may be converted into another type of investment, yes. We still have the asset here in Canada as a security against our loan.

Mr. HACKETT: That is true; but it is not a realization upon the security which you hold, or it is not a payment on account of the obligation.

Mr. ABBOTT: Of course, as my hon. friend knows, the value of the securities held by residents of the United Kingdom in dollar securities is substantially in excess of the non-interest bearing loan.

Mr. QUELCH: I think the reason this matter has come up is the fact that the *Financial Post* gave it a great deal of publicity about a month or two ago. I was wondering what about Canadians who had capital in England or funds in England. Could those funds not be used for the purchase of Canadian securities in order to expand industry in this country?

Mr. ABBOTT: In the case of Canadians who have securities in England they own sterling securities. If those were to be sold, they would

realize sterling. In order to make those available for investment in Canada, the British treasury would have to provide Canadian dollars; and I doubt very much if they would be willing to do that.

Mr. MACDONNELL (Muskoka-Ontario): I wish to ask one question of the minister. I understood him to say that these funds produced in the manner indicated were to be invested in Canada only in new buildings, not in existing enterprises.

Mr. ABBOTT: Or in the extension of existing ones.

Mr. MACDONNELL (Muskoka-Ontario): That struck me as odd, because I thought the Minister of Trade and Commerce was now playing down new construction, and it seems to me he should have done that long ago. If I am correct in thinking that, why would the policy be to insist that these funds should go into new construction?

Mr. ABBOTT: There is a good deal of expansion going on here. As I say, the amount which has been availed of is small compared with the increased investments here. There is some advantage to Canada in getting the technical know-how of these foreign manufacturers who can come here, and produce these things in our own country.

Mr. MACDONNELL (Muskoka-Ontario): Shoving up the cost of living.

Mr. HACKETT: Will the minister state the amount of the non-interest bearing loan? Then, will he tell us the amount of Canadian investments held by residents—that is probably the better term—of the British isles?

Mr. ABBOTT: I will get that in a moment. The non-interest bearing loan is down now to $331 million, in round figures.

Mr. HACKETT: What is the value of the British held securities?

Mr. ABBOTT: We have not the figure here now. It would involve quite an extensive calculation. It is greatly in excess of $331 million, of course.

Mr. MACDONNELL (Muskoka-Ontario): I want to refer for a moment to the question asked by the hon. member for Kamloops. While I fully recognize the force of what the minister said about the income being large in these months, the minister said a good deal of the reason was lessened expenditures. I think we ought to know a little bit more about that, because the question naturally arises in my mind: if the expenditures are less, are they less than these estimates we are now passing?

[Mr. Abbott.]

Mr. ABBOTT: In the period to which the hon. member refers, the short period of two months, expenditures are down substantially. Ordinary expenditures are down.

Mr. MACDONNELL (Muskoka-Ontario): Is that down from the estimates?

Mr. FULTON: From last year.

Mr. ABBOTT: It is down from last year. The estimates are on a yearly basis. We are comparing a surplus. Apparently my hon. friend is taking the apparent surplus for two months of last year and the apparent surplus for two months of this fiscal year. I am talking about the expenditures for the first two months of this year. I am referring only to the same two months. These are actual figures, not estimates. We are not talking about estimates. We are talking about actual figures. The ordinary expenditures from April 1, 1947, to May 31, 1947, were $222,727,446.33. For the same period of this year they were—the figures are unrevised for May, of course—$173,158,266.75. They are down almost $50,000,000.

Mr. POULIOT: Before this item is carried, I should like to ask the minister a question which was put to me yesterday by a friend of mine. He wanted to know the powers of the deputy minister of finance, in addition to his powers as deputy minister. I should like to know the ramifications of his authority, and the orders in council passed to give him more power. I should also like to ask the minister who is the good looking gentleman who sits opposite the deputy minister, in front of the minister.

Mr. HACKETT: The other good looking gentleman.

Mr. ABBOTT: That is Mr. George Lowe of the Department of Finance.

Mr. POULIOT: Is that L-O-W?

Mr. ABBOTT: No, L-O-W-E.

Mr. POULIOT: There are two ways of spelling that name. I wanted to be sure about it; to make no mistake. We are here in the midst of these wizards of the Department of Finance, these gifted gentlemen. I am in a happy mood tonight, and I shall not use the choicest terms in describing these gentlemen who adorn the floor of the house on periodical occasions.

I understand that the deputy minister of finance was appointed fifteen years ago by a different government. He was chosen, apparently, for his exceptional ability, and he has been confirmed in office by ministers of finance since that time.

I shall not go farther into the matter, but I would ask the minister if he would be kind enough to tell us the ramifications of the jurisdiction, power, authority, and so on, of his deputy minister.

Mr. ABBOTT: The powers and responsibilities of the deputy minister of finance are substantially those of any other deputy minister. They are defined, of course, in the Department of Finance and Treasury Board Act, and other acts relating to the Department of Finance. But the Department of Finance and Treasury Board Act and the Consolidated Revenue and Audit Act are perhaps the two most important. He is, by statute, secretary of the treasury board, of which I, as Minister of Finance, am chairman. In addition to his ordinary functions as deputy minister of finance, the deputy minister is a member of the board of directors of the Bank of Canada, and represents the minister on that board; he is a member of the board of the Central Mortgage and Housing Corporation and a member of the Canadian farm loan board. He is a member of the board of directors of the Industrial Development bank. All of these are government organizations. I do not know that I can elaborate any further upon his duties and responsibilities which, as I say, are defined by the acts to which I have made reference.

Mr. POULIOT: I thank the minister; but to put it in a nutshell, he is a government tycoon.

Mr. ABBOTT: And a good one.

Mr. POULIOT: Don't say that; don't go too far in praising him, because it may arouse my feelings.

Mr. CASTLEDEN: Is that a promise or a threat?

Mr. GRAYDON: I should like to change the subject. Perhaps this is hardly an understandable subject to a minister of the crown, because it deals with such a small amount of money. But I wish to try to find out, if I can, the answer to a question which is disturbing a good many people in the rural parts of Canada. My question is in connection with the sale of livestock which goes through the ordinary channels of a livestock commission merchant operating in a stockyard at any point throughout the dominion.

In deductions from farmers' returns for their stock, a common usage or practice is followed, whereby the revenue stamps on the cheques issued to the farmers are charged up against the farmers receiving the cheques. I happen to have in my hand a copy of one of those, because I thought I had better be fortified with something of that kind before making this assertion in the house.

I was wondering if the minister could tell us whether there is any legal justification for anyone taking off a farmer's cheque the value of the stamp which goes on it. I know this is a small amount of money, but there is a principle involved. Small as it may be, a good many farmers through the years have felt concerned about it. This one farmer I have in mind has been agitated about it recently and has brought it to my attention again. I thought it was worthwhile to bring it before parliament because, if this is an improper practice, we should know about it and, if it is proper, an explanation ought to be made to the farmers concerned.

Mr. ABBOTT: I shall bring the matter to the attention of my colleague the Minister of National Revenue. My understanding of the excise tax on a cheque is that it is payable by the drawer of the cheque. I imagine all hon. members who issue cheques have to put the stamps on, themselves. I cannot think by virtue of what law the issuer of a cheque would have the right to charge the payee the amount of the stamp tax.

Mr. GRAYDON: I am not singling out any particular livestock commission merchant, because I understand that it is being done by all of them. Perhaps the minister could take this matter up. The evidence is in his hands. I should like at some stage to be able to give an answer to the farmers who are greatly disturbed about it, because they think the last cent has been taken from them. If that is so, the condition ought to be remedied.

Mr. ABBOTT: I shall be glad to have the matter looked into.

Mr. CASTLEDEN: In support of what has been said this evening with regard to the report of the committee on prices, I think it is a sad reflection on parliament if we prorogue at this time without solving the most vital problem facing 95 per cent of the householders of this country.

The minister's answer leaves one thing certain, that if any solution is to be found for the present problem of living costs in Canada, it will be government by order in council. People in all walks of life are deeply interested in this matter of the cost of living. And, irrespective of whatever personal, private or selfish interest they may have, we must face the fact that inflation is a dangerous thing facing the Canadian people at this time. We cannot continue along the path of procras-

tination, without incurring the rightful and, I think the deserving wrath of the people of Canada as a whole.

In the opposition we can do little more than plead, object and protest. But I wish to assure the minister that it must be evident to him that the Canadian people are intensely dissatisfied and that they will vent their ire against those who are responsible. I cannot blame them, because they have been patient. They know the government knows how to control the cost of living, because they know the government has done so. They know the government could do so; and if it fails to do so, the people can come to one of two conclusions, either that the government is impotent and does not intend or cannot take action because of some weakness within itself, or that it supports the continuation of the injustices revealed in the report. I can assure the government that if it fails to act, the people will not.

Mr. POULIOT: I agree for the most part with what has been said in that regard. It seems that it should be easy for the minister to lighten the burden of people in the lower income brackets by providing greater exemptions. That would give a chance to those receiving small salaries to make ends meet. This type of people deserve special consideration. I have not taken much of the time of this committee, but I want to emphasize the necessity of looking after people with small salaries who are finding it so difficult to get along.

Mr. ADAMSON: Can the minister give an estimate of the decrease in the funded debt for the current fiscal year and the projected decrease in the funded debt for 1949? He budgeted for a tremendous surplus, and apparently is getting one much larger than he expected, and the one point in budgeting for a surplus is to pay off back debts. It is important that we should know the estimated retirement of the funded debt of the country this year and what the minister hopes to pay off next year.

Mr. ABBOTT: The relevant information asked for by the hon. member for York West with respect to last year appears in the white paper which was attached to the budget speech. I do not suppose he wants me to go into details, but perhaps I could read paragraph 70 on page 37 of the white paper, which reads:

> The decrease in the net debt for the year is estimated at $669,958,000. This, of course, is the amount already reported as the over-all estimated surplus for the fiscal year 1947-48.

[Mr. Castleden.]

In the current fiscal year we have estimated a surplus of $489 million and, if that is realized, the net debt of the dominion will be reduced by that amount. I do not know that I am in position to give my hon. friend any more particularized information than that at this time. That is the surplus, and I have indicated that that surplus will be used to reduce our debt. Any surplus that will be realized this year will be used for that purpose.

Mr. ADAMSON: The surplus last year in its entirety was in the neighbourhood of $1,000 million when it was all added up.

Mr. ABBOTT: That is the cash surplus.

Mr. ADAMSON: And we reduced our funded debt by $669 million. This year apparently we budgeted for a greater cash surplus, or it would seem that way according to the first two months of the year.

Mr. ABBOTT: That may be so for the first of the year. To prophesy is always a little dangerous, but I would think our cash surplus available for debt reduction this year will be considerably less. Last year we had substantial repayments from the foreign exchange control board of advances previously made by the Minister of Finance to the board, and we shall not have items of that kind this year.

Mr. ADAMSON: The estimated reduction of the funded debt in the two years is about $1,200 million, which I think is the main point of the austerity program and the present high taxation. If we are paying these high taxes to get out of debt, that is something, but we had a cash surplus of $1,100 million last year, and apparently it is difficult to estimate what we shall have as a cash surplus this year. I should like to have the assurance of the minister that every available dollar under these very high schedules of taxation will be used for the retirement of the funded debt. I do not think there is anything more important than the retirement of funded debt when times are good. What worries me and what I think worries great sections of the country is that we are being taxed and taxed and that the taxation is not going toward the retirement of the mortgage on the plant, the mortgage on the house, the mortgage on our lives, which is the funded debt of the country.

In these times of buoyant revenue, one thing we should endeavour to do is to reduce the funded debt, so that if, as and when revenues decrease, as we expect they will, and taxation must, of course, decrease and income may decrease—if those things happen, then

we should find ourselves partly out of the debt which was necessarily incurred during the war.

Mr. ABBOTT: I am glad to hear my hon. friend say that, because he is voicing pretty much what was said in the white paper on employment and income which was issued in 1945. I am in complete accord with the view which he has expressed, that in times of buoyant income and prosperity, when we have a heavy debt, that is the time to reduce that debt. That is the thinking which was behind the budget presented this year. As to the assurance which he is asking for, I give it to him without any hesitation. Of course, as he knows, the government is required to make certain investments in housing in the way of loans under the National Housing Act, investments in the Canadian National Railways and the like. Except to the extent that the government is required to use a prospective surplus for this type of purpose, it will be used in the reduction of the funded debt. I gladly give that assurance.

Mr. ADAMSON: I am glad to hear the minister say that, because it seems to me that the one point in paying these excessive income taxes and these excessive corporation taxes is in order to pay off the debt which we incurred. I hope that when the budget is presented next year we shall not find some strange scheme of increased expenditures and that the taxes which the country is paying this year, particularly the people with low incomes, will be used to pay off the debt that is on the backs of the Canadian people. I certainly will look carefully at the next budget statement, and I know the country will hold this government to a strict accounting for that one tangible thing, a reduction of debt. I want to ask the minister certain questions about the transfer of funds. I understand that certain British concerns are coming here—

Mr. ABBOTT: I think my hon. friend was not in his seat a moment ago, was he?

Mr. ADAMSON: Yes.

Mr. ABBOTT: I gave quite an explanation of that.

Mr. ADAMSON: I saw articles in the newspapers quite recently, showing the manner in which insurance companies doing an international business transferred funds from one country to another, and British companies transferred funds to be invested in plants here. What are the regulations regarding that?

Mr. ABBOTT: It is a matter that is within the control and discretion of the British treasury. If a Canadian insurance company is willing to advance to a resident of the United Kingdom Canadian dollars against the security of sterling assets which that resident of the United Kingdom has in Great Britain, the transaction requires the consent of the British treasury, because the British resident is in effect undertaking at some future date to pay off the loan in Canadian dollars and is putting up as security sterling assets. If the British treasury is willing to agree to such a transaction we in Canada, broadly speaking, would welcome it.

The reason why it can be done is this. Insurance companies which have liabilities to meet in the United Kingdom in sterling are obliged to have sterling assets in order to meet them, and they may be quite ready to advance funds to a resident of the United Kingdom in Canada and take, as collateral, securities which are payable in sterling. That is the type of transaction, but it requires the consent of the British treasury, not the Canadian treasury, because Canadian dollars are not being put up by the Canadian exchange control. They are in effect being provided by the British exchange control. The Bank of England says in effect: We will allow you to assume an obligation payable in Canadian dollars and you pledge sterling securities to guarantee repayment. The consent of the British treasury is required because, if there were default, the British treasury would have to provide the Canadian dollars to meet the obligation.

Mr. ADAMSON: A Canadian company with a surplus of sterling, which many of them have, in view of the British exchange restrictions, will advance money to a British concern to erect a plant in Canada, which is a way of transferring a loan in sterling from the United Kingdom to Canada in Canadian dollars, and the debt is owed at all times to the insurance company. It is merely a means of transferring the debt from the sterling area to the Canadian area. The Canadian government has no objection to that, and in fact would welcome it. Is that it?

Mr. ABBOTT: The situation is exactly as I have explained it. A resident in Canada puts up Canadian dollars for a British resident. It does not matter where he gets them. He provides the resident of the United Kingdom with a credit in a Canadian bank, upon which he can draw to pay for that plant. Of course he does not do that for fun, but takes some type of security, usually an assignment or a pledge of securities or cash. If he can use the sterling in the United Kingdom, so much the better. If the British exchange control, the Bank of England, is willing to allow the British treasury

to convert sterling in the United Kingdom into Canadian dollars we are delighted. Most of these transactions take the form, as my hon. friend indicated, of a long-term obligation. A Canadian insurance company puts up Canadian dollars and takes sterling securities as security, and the loan is payable over a long term of years. They can nearly always find a person who wishes to use sterling. That is how these transactions can be arranged with the consent of the British treasury, if they are satisfied that it is advantageous to both parties, and apparently there is some indication that they are prepared to do so.

Mr. ADAMSON: There is actually no transfer of cash in sterling, but merely the transferring of an obligation by using a credit of the Canadian concern. In other words, the Canadian concern is putting up funds for a British concern to erect a plant here.

Mr. ABBOTT: The Canadian concern is lending Canadian dollars to the British concern and taking sterling securities in satisfaction or as security.

Mr. LENNARD: I want to bring to the minister's attention one point which is causing confusion and, I think, should be cleared up. The minister is probably conversant with it. A few weeks ago the eight per cent sales tax was removed from processed foods, and the public naturally felt that they would get immediate relief in the form of a lower price for these foods. But apparently that has not taken place because, when the eight per cent sales tax was on the processed product, the ingredients were not taxed, but now the reverse is the case. Fruit pectin, spices and other ingredients all now pay the eight per cent sales tax, and the result is that no reduction had been made in the price of processed foods. There is only one way to relieve the consumer of processed foods, and that is to remove the sales tax immediately from that industry.

Mr. ABBOTT: I will look into the situation to which my hon. friend refers. I think he may be mistaken in some details. I know that question arose in connection with canned soups, and we straightened it out. Primarily the matter comes under the administration of the excise division of national revenue, but I will take a note of what my hon. friend has said and see what should be done.

Mr. ADAMSON: I do not think the soup situation has been straightened out yet, because I have a letter from a large soup company in my constituency, the purport of which letter is that the department send an auditor to investigate the plant of the soup company, of whose bona fides I can assure the minister, and that any substantial reduction to the ultimate consumer of soups is almost prohibited by the sales tax on the ingredients. I was amazed at the number of items that go into a can, tin plate and all the other things which add to the cost.

Mr. ABBOTT: I have not my tax officials with me tonight; but if the sales tax on these things, through some quirk in the law, is having the effect my hon. friends describe, we shall see that the matter is straightened out. I shall look into it at once.

Mr. KNOWLES: If I might support the point raised by the last two speakers, I have a complaint in regard to the price of beef in tins for babies. Today an Ottawa housewife called my attention to the fact that on June 1 she was able to purchase these tins in an Ottawa store, the name of which she gave me, at the rate of two for twenty-nine cents. At the same store she is now paying twenty-one cents a tin. The same question arises. I am confused myself by the details to which the hon. member for Wentworth and the hon. member for York West referred.

Mr. ABBOTT: That does not sound like sales tax.

Mr. KNOWLES: It may be something else, or it may be that, but the net result is this sort of experience to the housewife who is trying to balance a budget, and it certainly calls for more action than just passing a report.

Item agreed to.

932. To authorize and to provide for payment of a portion of the costs incurred on or after May 15, 1948, by the government of British Columbia, by the municipal authorities in the Fraser valley and by the departments and agencies of the government of Canada in repairing, strengthening, constructing and reconstructing dikes in the Fraser valley and removing water and debris from the flooded lands in that valley in accordance with an agreement which the government of Canada is hereby authorized to enter into with the government of British Columbia for the purpose of establishing a division of such costs on the basis of the government of Canada bearing seventy-five per cent thereof (treasury board is hereby authorized to direct that there be credited to other appropriations of the government of Canada to which any of such costs have been originally charged any amount that would otherwise have been payable by either of the said governments in accordance with such agreement); and to authorize and provide for payment of seventy-five per cent of the total costs incurred by a board to be known as the "Fraser Valley Diking Board" (such board to be constituted pursuant to an agreement which the government of Canada is hereby authorized to enter into with the gov-

ernment of British Columbia and, when so constituted, to be a body corporate and to have, subject to the joint direction of the government of Canada and the government of British Columbia, the powers, duties and responsibilities provided in such agreement) in carrying on the work of repairing, strengthening, constructing and reconstructing dikes in the Fraser valley and removing water and debris from the flooded lands in that valley, $4,500,000.

933. To authorize and to provide for payment of an emergency unconditional grant to the government of British Columbia to assist that government in meeting costs incurred in providing emergency relief to the residents of the Fraser valley and in rehabilitating the areas damaged by the floods which were declared by order in council dated June 10, 1948 (P.C. 2644) to have created a national disaster, $5,000,000.

Mr. ABBOTT: These are the two votes which relate to the proposed appropriation to assist in the relief and rehabilitation of the devastation caused by the floods in the Fraser valley and the restoration of the dikes. My colleague, the Minister of Fisheries, who is the minister from British Columbia, has been in constant touch with the Premier of British Columbia in connection with this matter. Although the commission, composed of General Hoffmeister and the Hon. Mr. Hamber, nominally reported to me, may I say that the Minister of Fisheries assumed the major share of the responsibility in connection with working out these arrangements. Therefore I am going to ask him if he will give to the committee an explanation of the steps which were taken and of the votes which are before the house.

Hon. R. W. MAYHEW (Minister of Fisheries): Mr. Chairman, I think it would be wise on this occasion to give the events as they occurred. Some people seem to think we moved rather slowly. If we go over just as hurriedly as possible the events, the committee will be able to follow it more closely. On May 24 and 25 flood damages became serious. The water level at Mission rose to 18·82 feet. On May 26 the banks of Agassiz broke and flooded about a thousand acres of land. The water level at Mission rose to 21·6 feet. On May 27 Dewdney dike breaks. On May 28 Canadian Pacific railway main line washed out. First army troops called out. Messrs. Cruickshank. Fulton and Matthews draw attention of House of Commons to gravity of situation. Mr. Claxton outlines steps being taken by Department of National Defence.

On May 29 last rail connection with east severed. Mr. E. R. Gillie, Red Cross chairman, is named as supreme commander of all flood disaster relief and aid. Three armed services set up a province-wide communications system with headquarters at Red Cross House, where all requests for aid will be cleared. Right Hon. C. D. Howe, visiting British Columbia, is reported to have stated that British Columbia floods had reached the proportions of a national disaster and that the federal government was prepared to give all assistance possible.

On May 30 Fraser river reaches highest point since 1894 at Hell's Gate, 107 feet.

On May 31 Premier Johnson proclaims a state of emergency with Colonel Snow, area commander of the Canadian army, being authorized to co-ordinate all flood control and relief activities. Flood relief fund started with $1,000,000 as objective. Prime Minister Mackenzie King states in the House of Commons that the responsibility for financial assistance to those suffering from floods and similar disasters of nature lies with provincial governments and local communities as well as with non-governmental organizations such as the Red Cross. Mr. King pointed out that any federal government financial assistance would only be made in the light of representations by the provincial governments concerned.

On June 1 Sumas prairie dike breaks at Connor. Mission gauge rises to 24·45 feet. Prime Minister Mackenzie King informs the House of Commons that his statement of the previous day referred only to the question of direct financial assistance. He pointed out that from the beginning of the floods the dominion government had been rendering assistance on a considerable scale in other ways, such as army, et cetera. Mr. Claxton advises the house further measures being taken by the Royal Canadian Navy, Canadian Army and Royal Canadian Air Force.

On June 3 Prime Minister King announces that the federal government is prepared to assist the province financially, not only in meeting the expenditures required for immediate relief but also in meeting the costs of rehabilitation and restoration. Mr. King also announces the formation of the Fraser river relief and rehabilitation commission to have general supervision over the entire situation. Mr. Claxton advises the house that army personnel actively participating in disaster work total 1,482.

On June 4 the Prime Minister announced that Major General B. M. Hoffmeister will be dominion government's representative on Fraser valley relief and rehabilitation commission. Finance Minister Abbott advises the house that prices board has been authorized to pay a subsidy of up to six cents a pound on butter flown into the flood areas from Calgary and Edmonton.

On June 6 Mr. St. Laurent, while visiting British Columbia, is reported to have stated that the relief for British Columbia flood victims would not be delayed by waiting to

determine the extent of the flood damage. He said that the people were entitled to know that everything reasonable would be done and would be done expeditiously. Record June temperatures continue to melt snow and hasten run-off.

On June 9 Prime Minister Mackenzie King announces the basis on which the dominion government will share the costs of relief and rehabilitation in the Fraser valley. Mr. Claxton advises the house that in addition to naval and air force personnel engaged in the flood area there are also 1,225 active and 1,359 reserve army personnel, with another 500 members active force on the way from the prairie command.

On June 10 flood level at Mission reaches a new high of 24·62 feet.

On June 11 evacuation of Sumas prairie region nears completion.

On June 14 Mr. Sinclair requests details on government's program for rehabilitation.

On June 17 Premier Johnson announces that homes and farms in Fraser valley flood regions will be restored. Work to be carried out by four departments of the provincial government.

On June 18 first transcontinental train in eighteen days arrives in Vancouver from the east.

On June 25 Prime Minister Mackenzie King advises the House of Commons that the dominion government's financial contribution in respect of the Fraser valley disaster would consist of a grant to the province of $5,000,000 for relief and rehabilitation, and the sharing, to the extent of 75 per cent, in the cost of repairing, strengthening and reconstructing the dikes and removing water and debris from flooded land. The Prime Minister also announced the formation of the Fraser valley diking board to carry out this work. That brings us up to June 25, and I have here a statement that came in today with regard to the condition.

The information that we have received here today indicates that the flood waters are now dropping about six inches in each twenty-four hour period, and that by tomorrow morning the level of the water at the gauge at Mission will be down to the 18-foot mark, which has been taken as terminating the emergency period. As a consequence, the attorney general of the province last night, after consulting Mr. Dixon, who is the provincial government engineer on dikes, and Mr. Goodspeed, the dominion government engineer, who went to that area about the 19th of the month, who are now to be responsible for the operation on dikes, and the flood control committee, signed a declaration stating that the emergency is now ended and that the services of the active militia are no longer required in aid of the civilian power.

Following the declaration, the national defence authorities have arranged for the responsibility of the military authorities to be handed over entirely to the existing civilian authorities, or those which have been set up for the purpose of relief and rehabilitation on the one hand by the province, and for the work on dikes by the dominion and the provincial government jointly.

The military forces are to be withdrawn from the area this week, commencing tomorrow, and it is expected that the movement will be completed as soon as the transportation companies can provide the necessary facilities.

With the ending of the emergency, the flood control committee originally set up by the province held its final meeting, but will remain available for consultation. The active direction of the continuing work on relief and rehabilitation will be carried out by the provincial authorities, who have taken over the work by agreement, as explained in the announcements in the past ten days.

This work is under the immediate direction of Mr. W. L. Macken and Colonel D'Arcy Baldwin. These men are appointed by the provincial government to work on repairs and reconstruction of dikes, and the removing of water from the flooded lands is now being carried on under the immediate direction of Mr. Bruce Dixon and Mr. Goodspeed, pending the establishment of the proposed Fraser valley diking board. Work is at present going forward on the agreement under which the board will be established. The personnel has been agreed upon and, I understand, will be announced later this evening. This review makes it evident that the emergency is now over and that the arrangements which have been worked out between the provincial government and this government have taken effect quickly and smoothly. It is a matter for gratification that the province and the dominion have been able to reach agreement so quickly in this urgent matter.

I cannot let this opportunity pass, however, without drawing to the attention of the committee the vital role which the defence forces of this country have played in dealing with this emergency. All three services provided help quickly and effectively. At one time as many as 3,000 members of the active and reserve army forces were engaged in evacuation, relief, protection of dikes and flood control. From all sides and all sources, there has

been a general appreciation of the excellent work which the services have done in this emergency.

That brings us up to the present time. So far as the work is going, apparently the emergency is pretty well over. This does not mean that the work is by any means over. It is really just beginning. The Prime Minister, on June 26, gave a statement to the house on the general agreement. At the same time the Premier of British Columbia made a statement in Victoria. I have received this wire from Premier Johnson, dated June 25:

Apart from press statement issued on dominion provincial arrangements on Fraser valley flood separate statement was given out today stating that the province was assuming full responsibility for flood damage elsewhere in the province outside of the Fraser valley area and that Honourable E. T. Kenney was making a tour of these areas with a view to reporting his recommendations to the government so that action can be taken in connection therewith.

Byron I. Johnson,
Premier of British Columbia.

I hope, Mr. Chairman, that you will allow the release to the press, which has now appeared in the newspapers, to go on the record. It is lengthy, but it has already been reported and I should like to have it on *Hansard,* because it is complementary to the statement made by the Prime Minister in this house, and the two together form the agreement. With the permission of the committee, I would ask that it be put on the record without being read.

Some hon. MEMBERS: Agreed.

Mr. MAYHEW: I will hand it to *Hansard.*

Canadian Pacific Telegraphs
Victoria, B.C., June 25
Hon. R. W. Mayhew
Minister of Fisheries, Ottawa.

Following is text of press statement issued by me today:

"Premier Byron Johnson today confirmed the conclusion of his negotiations with the federal authorities for their participation in sharing responsibilities in connection with the Fraser valley flood, which was proclaimed a national disaster. The arrangement, Premier Johnson stated, is as follows:

1. The dominion government will make an outright grant of $5,000,000 to the provincial government to cover the dominion's share of temporary emergency relief as well as the financial liability for measures of rehabilitation which the government of Canada agreed to accept as announced by the Prime Minister in the House of Commons on June 9.

2. The provincial government will assume full responsibility for immediate relief and assisting in the general rehabilitation of homes, farm buildings and damage sustained by provincial and municipal property.

3. The dominion government will set up a Fraser valley diking authority for the purpose of repairing the dikes, removing water from inundated areas, removing debris and for the purpose of completely reconstructing the entire diking system so that wherever it is humanly possible a recurrence of the disastrous floods may be avoided. The cost of this work will be shared on the basis of 75 per cent by the dominion government and 25 per cent by the provincial government.

4. Cost of protecting the dikes and combating the flood will be shared on the following basis: 75 per cent by the dominion government and 25 per cent by the provincial government.

The fund being raised by the B.C. flood relief fund committee is rapidly approaching the $2,000,000 mark. This fund is under the complete control of the committee which has organized it. It is understood that they have asked the Canadian Red Cross Society to administer the proceeds of public subscriptions for them for the purpose of providing personal belongings lost in the flood, the replacement or repair of essential household furnishings, food and other necessities which may be urgently needed.

In connection with the diking work the federal government will appoint a top-ranking administrator to head the diking authority. Working with this authority will be Mr. Bruce Dixon, provincial diking commissioner who has been appointed by the provincial government as its representative. F. G. Goodspeed, chief engineer of the dominion public works department, will be the federal representative.

"Mr. Dixon," the premier stated, "has a thorough knowledge of the Fraser valley diking system and has carried out excellent work in connection with the combating of the flood during the present crisis. His knowledge in this respect should be of inestimable value to the Fraser valley diking authority."

The rehabilitation work will be undertaken by a provincial commission comprising two members, namely, Mr. W. L. Macken and Colonel D'Arcy Baldwin, both of whom have done outstanding work during the past five weeks in connection with fighting the flood in the Chilliwack area.

"The government, in appointing Mr. Macken and Colonel Baldwin to the provincial commission on Fraser valley rehabilitation, did so because of tehir administrative and organizing ability," the premier stated.

"Mr. Macken and Colonel Baldwin will supervise the work of the entire valley and will have authority to expend such sums as are required to assist owners of property in their efforts to rehabilitate their homes and farm buildings," the premier stated.

"It is the government's desire that every assistance shall be given, but it is expected that every initiative will be shown by the owners in recovering and restoring their damaged property," the premier continued.

The municipal authorities have been asked by Honourable R. C. MacDonald, minister of municipal affairs, to render the fullest co-operation and assistance to the commission in this work.

In commenting upon the final arrangements that have been made between the dominion and the province, Premier Johnson stated that he was most gratified with the wholehearted co-operation and sympathetic consideration he had received from the federal authorities in arriving at the arrangements already outlined.

He pointed out that the major task was that of reconstructing the dikes on a basis that would give the utmost sense of security to the people as far as human effort can go.

"No one can tell just what a river will do when it is on the rampage, but I can assure the citizens of British Columbia that, having discussed this work with the federal authorities, it is their clear understanding, even as it is mine, that the reconstruction work will be of such a character that the people's confidence in the protection of their property will be maintained and a sense of security established beyond that which they have enjoyed before," the premier asserted.

"I would also like to take this opportunity of expressing the very deep gratitude of the government for the splendid volunteer service rendered by our provincial representative, the Honourable Eric W. Hamber, C.M.G., who worked so harmoniously and untiringly with Major General B. M. Hoffmeister, C.B., C.B.E., D.S.O., E.D., the dominion representative on the Fraser river relief and rehabilitation commission, which was established jointly by the dominion and provincial authorities in the early stages of the flood so that they could guide the two governments in taking such measures as were deemed necessary to meet the changing conditions of the time and to set up the necessary organization to undertake the work which was bound to follow the recession of the water. The work of Major General Hoffmeister and the Honourable Eric Hamber has come to a close and I think that I would be failing in my duty if I did not express on behalf of the government and people of British Columbia our warmest thanks for their endeavours," the premier stated.

Premier Johnson likewise expressed his sincere appreciation to Prime Minister Mackenzie King and the federal government for the splendid spirit of co-operation and sympathetic understanding that has actuated the federal authorities in all their negotiations with the province in reaching a basis upon which to share financial responsibility in the costly undertakings imposed by the Fraser river calamity.

"In particular, I would like to mention the names of the Hon. R. W. Mayhew, the Right Hon. C. D. Howe, the Hon. Douglas Abbott and the Hon. Brooke Claxton, all of whom were ever willing to be of assistance and to relieve us of our great anxieties. My thanks go out alike to all those federal members who have been of assistance in this regard."

"Further I think the time has come, now that the waters are gradually receding, to express my heartfelt thanks to all of those persons who worked along the dikes and in organizing evacuation, emergency shelter, etc. Very many names and organizations come to my mind but it would be unfair to those who worked silently and courageously without thought of public recognition if I singled out any particular one. It was a great experience for me to witness the wonderful spirit of the people, the courage in the face of calamity and their indomitable will to overcome the frightful disaster which wreaked so much damage and caused so much distress," the premier continued.

"I wish also to express the thanks of the citizens and the government for the very splendid work carried out by the Canadian Red Cross Society, the B.C. flood relief committee and the personnel of the three armed services," the premier concluded.

Byron Johnson.

A good deal of work had to be done, and these estimates are before the committee. No one can say they are accurate. In connection with them, a certain amount of common sense had to be exercised, and certainly no one was trying merely to get by with the least amount of money possible. The Canadian people demonstrated clearly, in their donations to the relief fund, which is now some $2,000,000, that they want a fairly reasonable agreement between the two governments. However I wish to make it clear that some of our own people had seen this area and realized that there had been a national disaster.

The Minister of Trade and Commerce (Mr. Howe) visited the area himself and with him was the deputy minister of public works, Mr. Murphy. The Minister of Agriculture (Mr. Gardiner) also visited the Fraser valley area, and so did the Minister of Veterans Affairs (Mr. Gregg), and latterly the Secretary of State for External Affairs (Mr. St. Laurent). All these gentlemen visited the area, and others who did so were the hon. member for Fraser Valley (Mr. Cruickshank), the hon. member for Vancouver North (Mr. Sinclair), the hon. member for New Westminster (Mr. Reid) and myself. We made four separate trips over that area.

On one occasion I flew in a small plane, and we were able to fly at tree-top level so that we got a good view of the situation. I had never thought I would be guilty of so many stunts in the air as I performed on that occasion, but I did get a good view of what was happening and I can assure the committee that we were all agreed that it was a national disaster of the first order.

Perhaps another statement I should make here is with reference to a telegram which was received by the Minister of Finance from General Hoffmeister. It is the final telegram in this series.

Mr. FULTON: What is the date?

Mr. MAYHEW: It is dated the 25th of June and reads:

The statement made in the House of Commons today concerning the Fraser valley flood is very satisfactory and agrees in detail with the understanding here. It is the view of the commission that the statement finalizes the work of the commission particularly in view of the provincial government having already assumed full responsibility for rehabilitation of public and private property. In view of the foregoing it is therefore respectfully recommended that the

commission be dissolved forthwith; however if desirable to be available in an advisory capacity. There will not be any expenses submitted in connection with the administration of or in any other respect of the commission. The utmost co-operation has been extended by the provincial government representatives of the dominion government B.C. area headquarters (army), the R.C.A.F. and members of the flood control organizations all of which is gratefully acknowledged. E. W. Hamber concurs with all of the foregoing.

I think that concludes those statements. The first item in the supplementary estimates is 932, for $4,500,000. That item is the amount which we believe can be spent this year before March 31; that is the fiscal year of this government. It does not indicate that this is the total cost or our total participation in the diking to be done in that area.

The other item is 933, for $5,000,000. I will deal with it in only a few words. We had two choices. We had the choice of setting up several committees, all doing some part of the work within the area and working jointly with a similar number from the province. In the opinion of the committee and in the opinion of the subcommittee of the cabinet that was dealing with this matter, it would be much better if we could arrive at a lump sum and leave the entire obligation and opportunity of doing this job to the provincial government. It was difficult to set up a committee without losing time in the doing of it and without involving a great deal of expense. So far as the dominion government were concerned, we would have had to send people out from Ottawa. We would have had to send out representatives from the treasury board, the Department of National Health and Welfare, the Department of Public Works and nearly every department of the government would have had to be represented in this. By doing it in this way, we were able to get action much quicker than would otherwies have been possible; and I am sure that it is a much tidier job all the way through than it would have been if we had tried to be in on every piece of work that was to be done. I think that probably explains the matter about as fully as I can at the present time.

Mr. CRUICKSHANK: I listened with a great deal of interest to the British Columbia minister's explanation of the flood situation, past and present, in that province, 99 per cent of the effects of which flood happen to be in my riding. I appreciate his explanation. I only want to say to the government that possibly if some of the statements he has made tonight had been made two or three weeks ago, you would not have the unfortunate feeling you have in all parts of Canada, particularly in British Columbia, and especially in the Fraser Valley riding which I have the honour to represent. In the dates the minister quoted, he did not mention that of May 28, about four o'clock in the afternoon when the member for Fraser Valley in this house said the flood situation was no longer a Fraser valley matter. I am sorry he did not mention that. I think he, as the minister from British Columbia, might have done so. About four o'clock on May 28, last, I said it was no longer a Fraser valley matter, but was a national matter. At that time I said that within twenty-four hours the trans-Canada railways would be out of action. I erred in that. Within ten hours they were out of action.

The Canadian National Railways, which the people of Canada, the taxpayers, own, is still out of action and will be out of action for some time to come. I am sorry the minister neglected to mention that fact. This flood situation has become such a national affair that even *Pravda* mentions it. We have heard a great deal of blame placed on the communists. I am surprised that even these floods were not blamed on them. I cannot read this in Russian, but I shall read a translation of what *Pravda* said. The minister, in his statement, apparently overlooked this. This is a news item from *Pravda:*

> Canadian newspaper report that as a result of hot weather which caused intensive melting of snow in the mountains of British Columbia (Canada) over a period of two weeks, large floods have resulted. The rivers overflowed their shores and flooded many communities.

An hon. MEMBER: Are you reading in Russian?

Mr. CRUICKSHANK: If I could read it in Russian, possibly the same people from Ontario could not even understand it in that language, when it concerned all Canada. To continue:

> Fifty thousand acres of farm land were covered and over 9,000 population lost their homes. The railway lines between British Columbia and the rest of Canada were washed away, as well as the rail connections with the United States. The flood is continuing.

And the note I have says:

> Date not known exactly, but two weeks after flood had reached a high point.

The reason I am mentioning this to you and through you, Mr. Chairman, to the committee, is that I said on May 28 that this was not a Fraser valley matter but was a national matter, as was recognized ten days later by the Prime Minister of the Dominion of Canada when he stated that it was a national matter.

What would have happened if we had had an international incident during the interval? According to the press of yesterday, that great leader—a Conservative, if you like, but the greatest leader the British empire ever knew—Winston Churchill, said that nobody knew what might happen in the next two weeks. I want to ask the minister and through him, the government, what would have happened if that incident had happened during the past two or three weeks when the Pacific coast, the direct route to Russia, was cut off from the rest of Canada? I hope I am not a warmonger, but I believe in facing realities; and I resent the fact that the minister from British Columbia overlooked what the member for Fraser Valley said on May 28, but quoted everybody else.

I want to go home like everyone. I do not believe in recriminations. What has happened, has happened. I firmly believe that this government has every intention of doing the right thing for the people of the Fraser valley and the people of British Columbia in all the flooded districts. I will tell you the reason why I believe they have that intention. It is that I believe the people of Canada as a whole would demand that any government do the right thing for their fellow citizens, who are victims of circumstances beyond their control.

The only thing is that I wish this cabinet, this government or the members of parliament had the time to observe some of the pictures I have. I should like to show the minister who introduced this estimate the house that I lived in, and I am not appealing for sympathy personally. I did not own the house. Though the farm land happens to be flooded, my house and barn are above high water. I should like to show the minister a picture of the house in which I spent the happiest years of my life. I spent the first three years of my married life in a house now flooded to the eaves. Yet the minister tells me that this token payment is representative of what the people of Canada want to do. The deputy minister tells me the record of assistance to the distressed countries of Europe; and I have no condemnation of that; I believe the people of my riding and I believe the people in my province agree with that. Speaking from memory, I believe we gave $124 million to the distressed people of Europe. In one vote alone we gave $5,000,000. Yet I am told that this is the best we can do to rehabilitate some 2,500 farms that are flooded out right up to the eaves, when many of the buildings have floated away, as well as every bit of the people's furniture.

This represents the lifelong savings of people, many of whom are sixty-five or seventy years of age. These people are flooded out, ruined. But, in the great generosity of the people of Canada we can find for them $5,000,000, less, of course, what we have advanced to the army, as has been brought out by the hon. member for Vancouver South! Why, in one vote alone —and I do not begrudge it at all—in one vote alone for the distressed peoples in Europe we can vote $5,000,000. But does anyone tell me that the people of Canada in their generosity can vote only $5,000,000 to rehabilitate some 2,500 homes, homes which are completely ruined, completely lost, homes where there will be no crops for one, two or three years, homes where the life savings will be gone? That the generosity of the people of Canada goes only to the extent of $5,000,000 does not make any sense to me; and I do not think it makes any sense to the people of Canada either.

In a country which boasted of the magnificent work accomplished, the work done through the Minister of Reconstruction and Supply, a country which could find $10,000,000 a day to save ourselves in Europe, a country which can boast of that fact—perhaps I should not say "boast", but is certainly proud of it —can we find only $5,000,000 to rehabilitate 2,500 homes, many of which are under ten feet of water today, their entire life savings gone, not a particle of crop for one, two or three years, not a bit of feed for their cattle for at least a year or two? Do you tell me we can find only $5,000,000 today, and that out of that there must be deducted amounts paid to the army? I want to pay my compliments—

Mr. MAYHEW: That is not a correct statement. We want at least to be accurate. We are not deducting the expenses of the army when they were in there doing relief work. The pay and allowances of the men in the armed forces are paid out of the army vote. They are not charged up to this fund. Any extra expenses will be, but not those charges.

Mr. CRUICKSHANK: I have not time to check it, so I shall take the correction of the minister from British Columbia. Unfortunately, however, he is not yet in charge of the government. The Prime Minister said in the house—and I leave it to my hon. member to check it in *Hansard;* I have not the exact page, but I believe it was June 25—"except pay and allowances".

Mr. FULTON: It is page 5833.

Mr. CRUICKSHANK: I am glad pay and allowances are not included, because I wish to tell the minister, through you, Mr. Chairman,

that I had the privilege of escorting the Secretary of State for External Affairs, and it was not on one of these conducted tours. I conducted him personally around where the houses were floating and where only small portions of telegraph poles were showing. There were enough brass hats around there to sink a ship, and if we had to pay them, God help us. I know what I am talking about. I did not take any conducted tour around there. I went around in a small boat, in row boats and "ducks". I know what I am talking about, irrespective of what anyone may say.

Maybe I am bitter; I know I am bitter. I saw there people I have known all my lifetime. My father sold them their farms forty years ago. They were the people who pioneered, and who by their hard work brought up their families—families who enlisted—did it voluntarily, and fought for their country. Many of them did not come back. They built that country. And now to see these pioneers lose their all, with not one word being mentioned by this government to date, except the responsibility they have to the Canadian Pacific Railway Company, is not easy to take. The Canadian Pacific Railway Company did not assume its fair responsibilities. Not one acre of that land would be under water today if the president of the Canadian Pacific and his fellow directors had done the decent and the honest thing as Canadian citizens, and had not deliberately lied as they did in the letter referred to by the Minister of Transport.

Of course I am bitter. I would like the minister and some of his colleagues to look at some of these pictures. They would see barns floating down the river, out to the Pacific, I suppose, on their way to my good friend's own riding.

Mr. MAYHEW: I was there.

Mr. CRUICKSHANK: Oh, the minister may have been there; but I lived there all my life. I did not just tour over it. I went through it in a row boat, in a small boat, and I know what I am talking about. I do not want any corrections from him in that matter.

I know the government will do the right thing, at least I believe it will. I honestly believe it will, because I believe that the present Prime Minister and his successor, whoever he may be, are good men. They will be good Canadian citizens and want to do the right thing for their fellow Canadians, irrespective of party. I believe that no matter what party he belongs to, the leader of that party wants to do the right thing for his fellow citizens.

But I do believe this, that no man has any justification for standing up in front of me and telling me that we can find $10,000,000 a day for destruction in wartime, and then try to justify an estimate of only $5,000,000 for the rehabilitation of this area. I do not believe that is the wish of the Canadian people. I do not believe it is the desire of the Canadian people or of the Canadian government. I do not believe it is their intention.

Unfortunately, however, there are statements by people who have not the human touch, who have not had first-hand information—I will not go so far as to say they have not wanted to know—and who have not first-hand knowledge. They cannot tell me that this is a proper amount. I am appealing to the government and, through the government to parliament here in Ottawa, to say to the government that that is not sufficient for the rehabilitation of 2,500 of their fellow citizens, pioneers of this country who did not inherit silver spoons, who did not make their profits in wartime companies. All they have today—the homes they built, and everything they owned—was gained by the sweat of their brows and by their hard work. Surely they are entitled to every consideration.

I believe the people of Canada would endorse any move the government would make to rectify this situation.

Mr. GREEN: I do trust that the government will pay heed to the remarks just made by the hon. member for Fraser Valley. As he has said, the Fraser valley has been his home throughout the whole of his lifetime. He knows the conditions there better than anyone in Ottawa, and he is thoroughly qualified to place the facts before the house. I, for one, would not think of questioning his statement. So I do hope that the government will pay heed to his representations.

One thing that worries me greatly about the proposed settlement is that it is a settlement for cash, before anyone knows the extent of the damage. The Prime Minister announced the other day that the dominion government would pay $5,000,000, and that that constituted the full settlement of its liability for rehabilitation and emergency relief.

As the hon. member for Fraser Valley has said, a good deal of the land is still under water. It is impossible to determine at this time what the total damage will be. I suggest that the dominion should not make a final settlement now, but that there should be some provision for further assistance, if it is found that the cost of rehabilitation and of emergency relief exceeds $10,000,000. I presume the idea was that the dominion would pay half and the province half, I hope that the dominion will not insist on this $5,000,000

being a final settlement if it is found that the damage exceeds twice that figure.

There is a further payment to be made in connection with the repairing of dikes. We should have some assurance from the government that when they are built again they will be modern dikes, no matter what the cost. I do not know whether this estimate of $4,500,000 will provide for three-quarters of the cost of modern dikes.

Mr. ABBOTT: It is only what we think it may be possible to spend up to the end of the fiscal year.

Mr. GREEN: We should have the assurance that it will be three-quarters of the cost of modern dikes, no matter what that cost may be.

Mr. ABBOTT: That is the agreement; that is the intention.

Mr. GREEN: Is it a term of the agreement that these dikes will be of the modern type mentioned by the hon. member for Fraser Valley, wide enough at the top to allow for a line of trucks in either direction? Can either of the ministers tell me whether or not that is the agreement?

Mr. ABBOTT: The dike authority which is to be set up will have to advise the respective governments as to what type of dike would be best. Broadly speaking, it should be a modern type, adequate to perform the functions which it is supposed to perform, and if possible to make sure that there will be no recurrence of the disaster which occurred this year. It would be throwing money away if that were not done.

Mr. GREEN: I am glad that is so.

Mr. POULIOT: Can the hon. member tell me the assessed value of the farms that have been flooded?

Mr. GREEN: I am afraid I cannot do that. The hon. member for Fraser Valley has set the number at 2,500. I doubt if he would know the assessed value of those farms, because many municipalities are involved. The actual damage caused by the flood cannot be determined as yet, because the flood is still there. Much of the land is still under water, and that is why I cannot understand the dominion making a final settlement at this time. I think it was premature to set a final figure.

I should like to express a word of appreciation for the way in which the people of the other provinces came to the help of the sufferers in the Fraser valley area. Our province is a long way from eastern Canada; we face the Pacific rather than the Atlantic, and I suppose we sometimes feel that we have been forgotten and are not getting a fair deal. It is easy for us to develop antagonism toward the other parts of Canada. I cannot remember anything in my lifetime that has done more to drive away that feeling than the manner in which the cities and towns and villages in other parts of Canada voluntarily offered help to their fellow citizens in the Fraser valley.

Right from the start, almost before the government in Ottawa realized that this was a national emergency—I am not blaming anyone at the moment—funds were being donated in Montreal and Toronto to help the sufferers, under a lead given by the mayors of those two cities. Similar help has been received from other centres and organizations in eastern Canada and we are all most grateful. It makes us all just that much more proud to be Canadians. I am sure I speak for all the members from British Columbia when I express that word of appreciation to our fellow Canadians in the other eight provinces.

One other fine feature was the spirit shown by these people who had to get out of their homes, leave their furniture behind and, in some cases, lose their stock. They accepted all these hardships with remarkable spirit; very much the spirit that the hon. member for Fraser Valley has shown here, very much the spirit that he showed during the first world war when he had such a wonderful record. The people of his valley have certainly shown themselves to be a grand lot.

I was proud, too, of the help given by my city of Vancouver, by the city of New Westminster and by the adjoining areas. Businessmen, workers in factories and school boys all went out night after night to work on the dikes. They received no pay; it was entirely a voluntary effort and they did a grand job. Many United States citizens voluntarily crossed the line from the neighbouring state of Washington to lend a hand, which was a very fine action. These kindly, helpful acts were the bright spots in this terrible catastrophe, the worst in the history of the province.

Mr. POULIOT: This session should prorogue in glory after the fine speech of my fine friend.

Mr. FULTON: I should like to support everything said by the hon. member for Vancouver South and the tributes he has paid. I also support his remarks as to the undesirability of the dominion making a final settlement of $5,000,000 for relief and rehabilitation. It is estimated that the damage in the Fraser valley alone will amount to $30,000,000, and that does not take into account the damage in

other portions of the province. That being the case, I think it is premature for the federal government to say this represents a final settlement with respect to their contribution toward compensation for damages. I consider it desirable that they make a cash contribution now, but I think they should leave the door open for the payment of an increased sum when the amount of actual damage is finally assessed.

I find it difficult to understand why the premier of the province accepted that small payment. We should approach this whole matter in a spirit of co-operation. The hon. member for Vancouver South has mentioned how much we appreciate the co-operation of citizens all over Canada, but I would point out that, according to the figures tabled during this session, it is shown that, under the financial agreement between the dominion and the province of British Columbia, the dominion takes in tax revenue from that province $144,000,000 and returns just over $20,000,000. This means that the tax resources of the provinces are extremely limited.

Mr. ABBOTT: That ridiculous argument always irritates me beyond question. Dominion taxes would have been no lower in British Columbia if we were not paying British Columbia $20,000,000.

Mr. FULTON: What the minister has said has not disproved my argument, because those tax fields are now occupied exclusively by the federal government. This means that the tax resources of the province are that much more limited, that there is that much less in the way of free sources of revenue from which to meet the tremendous burden imposed by the flood disaster. As I say, it is estimated that the damage is $30,000,000, of which the province will evidently have to find $25,000,000, while the dominion finds only $5,000,000. I do not think one is extreme when he says that is ungenerous treatment. I am surprised that the premier of the province would have concluded this agreement and accepted this figure of $5,000,000 as a final payment.

There are one or two other matters which I think should be mentioned. While it is a source of satisfaction to find that money is being provided for the repairing of the dikes in the Fraser valley, it is a source of concern to find that as yet no effort is made to prevent floods at the source. I shall not go into that because we discussed it previously, but if we are to prevent floods in the future it is not enough merely to provide dikes in the Fraser river valley down in the broad flat lands, but care must be taken to prevent a rapid run-off at the head waters.

Finally I think we are entitled to expect to find some item for compensation of the provincial government for the expenses which it incurs in carrying out this program of rehabilitation and the assessment and repairing of damaged lands. The Minister of Fisheries has made it quite clear that the dominion government has handed over the responsibility for the administration to the province, and I think that is proper, because they are close to the spot; they know the needs and they can administer relief more efficiently. But obviously it will be an expensive thing to administer. The province will have to send their own officials and probably will have to employ more experts and so on. While it is proper to leave the detailed administration to the province, the expenses incurred in that administration should be taken into consideration in fixing the amount which the federal government will grant to the province over and above the $5,000,000 as straight compensation, which, as I have said, I do not consider adequate. While some if not most of the things I have said may have been critical, I, like other members, appreciate to the full the generous gestures made by private citizens, the work of the armed forces, and so on, but I do think the rest of the citizens of Canada and the federal government should have all the facts placed before them, so they they may be able to judge whether or not some further compensation should be paid to the province, and whether or not the door should be held open, instead of being closed on this question of the provision of a further cash payment when the amount of damages is finally assessed.

Mr. MACDONNELL (Muskoka-Ontario): I wish to add one word. Perhaps an Ontario man should not step into this, but one or two things can be suggested. First, this is a national emergency. That has been shown by the action of the government. Second, for the moment an agreement has been arrived at, in which the province of British Columbia, in the view of some British Columbia members seems to have made an improvident agreement. But when we talk about things being final, I do not think that in a democracy things are ever final, because public opinion can always assert itself and the public will want the right thing done in the end, once the damages are assessed. The damages may be more, or they may be less. But this is a step forward. The door is not banged and barred and bolted, and I suggest that we might take what has been done as so much gained.

Mr. YOUNG: I have listened with great respect to the remarks of the hon. member for Fraser Valley, who has made himself the voice of his countrymen in that area. While it is pardonable for the hon. member for Fraser Valley to be emotional, since he is deeply affected personally and since he is one of the people, I feel that we, the remaining members of the house and I myself as one coming from the province which is affected, should be strictly practical about what is to be done with the sum allotted by the government. I think we should make certain that what is done with it will result in something of permanent value to the people of the Fraser valley.

It is extremely difficult to assess in dollars and cents what the final results of the flood will be, but it is not difficult to assess the steps that can now be taken with regard to the diking and harnessing of the Fraser river. As I said in an earlier debate, the condition of the Fraser river is and has been changing for some fifty years. That river has reached geological maturity. Its course, if left unregulated, will change and will result in damage to the lands now cultivated on its banks. There is only one possible solution. That solution lies in the report of engineers who are capable of assessing the conditions in that area and of deciding what type of dikes shall be built and how much money should be spent. After that, while we cannot talk in terms of a Canadian T.V.A., nevertheless it will probably be found that if money is wisely spent in that area power from the Fraser can be harnessed, lands irrigated, and secondary industries will flourish at the mouth of the Fraser, and the people of the Fraser river valley will be properly protected. But that will require the employment of sums far in excess of the $10,000,000 proposed. I would ask the minister to take into consideration plans for the future, rather than to regard this as a temporary emergency.

Our geologists and our departments are aware that the flood of 1894 was as great as the flood which has just taken place. There are a great many years between 1894 and 1948; but, since none of us can say what nature will do in any particular year, the flood of this year could be repeated ten years later. It is obvious that it is entirely up to man, with the modern machinery and modern methods at his disposal, to harness these things and to make this valley safe and to turn the present disadvantages into advantages for industry.

I, too, went over the flooded area in an aeroplane. My riding had the honour of entertaining six cabinet ministers at one time who flew over that area, and it was an awe-inspiring sight to see that valley from the air in its flooded condition. But knowledge of the actual situation cannot be gained in that way. The people who live in that area and the people of the province feel that they have been let down, because there has been no planning on the part of government which would have rendered the flood at least less damaging. If there had been large planning much might have been saved that was lost. I think there is a lesson to be found in the Fraser river valley flood if the government and the departments care to learn it, and that is that we must be practical, we must plan, and not just say: We are going to spend $10,000,000, and that relieves us of further responsibility. The government must not wash its hands of the situation once that $10,000,000 has been spent. I urge that the government and the minister make a definite statement that they accept responsibility with regard to the unassessed damages of this flood.

Mr. REID: I was one of the members representing one of the other districts that suffered during the disaster. Perhaps the committee will bear with me while I occupy a few minutes of its time. May I, first of all, join with the hon. member for Vancouver South in his remarks where he gave credit to the wonderful help and assistance rendered by all persons in all walks of life. It is amazing how the Canadian people rise to the occasion when called upon to do so. When the call went forth to men and women for help to man the canteens there was a ready response from one end of the country to the other. I want to take a minute to add my word of praise for the wonderful help and assistance given. Then, of course, there is the great fund of money which is being collected from all over. Other countries as well have contributed.

However I want to pass from that and say a word or two regarding the flood itself. Many statements have been made regarding what it will cost. I am one of those who believe that no one can estimate or tell just what the actual damage will be until the water is actually off the land. It is natural that the hon. member for Fraser Valley should be wondering whether the $5,000,000 allotted is sufficient to take care of rehabilitation. My own view is that it is not. On the other hand, I have a statement made by the government, and I do not think they will deny it, that they are willing to pay 75 per cent of the cost of diking, and that they have also agreed with the province to pay for complete rehabilitation. While it is easy for some of us, including myself, to rise in our places and advocate this

or that, yet one cannot overlook the fact that the provincial government whose responsibility it is, and who have assumed the job of rehabilitation—I do not think there is any argument on that—did meet all the reeves of the affected areas, seven in number, including a number of councillors. They met at a place called Murrayville in the constituency of New Westminster. Assurance was given by the provincial minister of municipalities, the Hon. R. C. MacDonald, who is in charge. The following appeared in the *British Columbian Weekly* of June 21:

Mr. MacDonald told the gathering that the provincial government was prepared for the complete rehabilitation of the flood victims and he was in complete charge. He felt that administration of the assistance could be handled more efficiently through the local flood committees which have been established in each area.

In many cases the farmers themselves will be able to do much of the repair work on their homes and barns and for this the provincial government will pay them.

There you have a meeting of all concerned right on the ground. The hon. member for Fraser Valley may have information that I have not, but the reeves of my own district have not complained about the agreement already entered into by the provincial and dominion governments. They met on the job with the provincial minister there, who has given the assurance that full rehabilitation will be taken care of under the guidance and jurisdiction of the provincial authorities.

With regard to the $4,500,000 for dikes, I doubt whether the provincial grant added to the $4,500,000 for dikes will mean that they will be able to spend more than that until March of next year.

May I say this to the committee. I believe that some good will ultimately come out of the flooded areas, because for the first time the attention of the dominion government has been drawn to the conditions on the Fraser river, and to the lands through which the Fraser river flows. It is true that we have been complaining about the lack of dikes, but diking out there is not a simple matter. I am going to draw to the attention of the committee just one little problem that will arise in regard to diking. Diking on the river is just one aspect of the diking of the Fraser valley. In my riding I have groups of farmers who have diked against the sea, and who are being charged up to $7.50 an acre, and will be for the next fifty years. They come to me and say, "If the dominion and the provincial governments are to build dikes to protect the lands from the waters of the Fraser they had better dike ours against the ravages of the sea." I mention that to show the committee just one of the many problems that will arise. I ask the hon. member for Vancouver South how he would settle that.

Mr. GREEN: You had better settle it yourself.

Mr. REID: I have to give them an answer. I shall be inclined to support them in their view of making representations. That is just an example of what is apt to happen when we start to rehabilitate.

I have every sympathy for the groups flooded out and the residents who will have to be rehabilitated. It will be a stupendous task. It is a task that will require the services of men with sympathy and a little firmness in deciding the cases that will come before them.

In my own district 4,000 acres were under water. It is true that a greater part of the constituency of New Westminster is protected by diking. The dikes helped. Like the dikes in the Fraser Valley riding, these dikes were all built by the farmers themselves. They are apt to say, Now, we want some further protection from the government because if they are going to do 140 miles of diking on the Fraser river, build modern dikes so that you can drive two trucks across it, we had better have the same kind of protection for our land. I thought it my duty to mention that to the committee.

The hon. member for Fraser Valley knows the conditions there perhaps better than anyone else. I do not know whether he has the double trouble of diking from the sea, but I know I have it in my own riding. I thought I should rise at this time, first of all to express my appreciation of the great help that has been given by thousands of volunteer workers. It is true there was a little dispute here and there between the military personnel and the civil population. That was only to be expected, because the civil population thought that many of the army men should take off their army boots and go down in gum-boots and overalls, wade through the water, and start packing sandbags. Apart from that, things were handled remarkably well.

What the dikes will cost, no one can say. What rehabilitation and relief will cost no one can estimate at the present time. Someone has said $30,000,000. My own belief is that, until the water has all subsided and conditions improve, it will be impossible to tell exactly what damage has been done. Some will be greatly damaged; many will be wiped out; others may well be slightly benefited, because much of the land received a coating of silt. Provided that the land does

not receive too heavy a coat of silt, it may do the land considerable good in places. I think the hon. member for Fraser Valley would agree with that statement. Those who had strawberries or raspberries and find them buried under the silt will find that they are gone, and they will not have another crop until they replant and wait for two or three years.

But these are all matters which will be gone into by the local committees. I am pleased indeed to note that the provincial government has set these committees in motion, has called all the reeves and councillors together and discussed with them right on the ground where the damage can be seen. They are in the best position to know exactly what should be done. Our position should be to pay them enough money and to leave it to the provincial and municipal authorities to carry out their task. I say that without fear of successful contradiction.

Mr. MacINNIS: Mr. Chairman, I think it is established that what happened in the Fraser valley is a national disaster, and that the hon. member for Fraser Valley, in whose district it took place, should feel strongly about it is not to be wondered at. In fact, it would be strange if he did not. But the position in which I find myself is this. In the agreement that has been made there has been not only the dominion government but the provincial government, and I understand that the provincial premier was here. I do not know whether he met or asked to see other members of parliament. Certainly he did not ask to see me. If he is satisfied with the arrangement made with the government it would be presumptuous of me to say that the agreement was not a good one.

But what I am glad to find out tonight is that this amount is not a hard and fast one beyond which the government will not go. If I correctly understood the remarks of those who spoke before me, this is at least the amount that can be properly spent this year in rehabilitation.

Mr. ABBOTT: No. That relates to the diking work; that is the $4,500,000.

Mr. MacINNIS: The other, the rehabilitation, as has been so well pointed out by other hon. members who have spoken, cannot in my opinion be ascertained until the water has receded and the proper investigations have been made and the damage estimated. That will be the proper time to set the figure. As has been pointed out, some people will be put out of production for perhaps a couple of years. Others may not be affected very much.

Perhaps the people in other parts of Canada do not appreciate how important the Fraser valley is to British Columbia. It is important if for no other reason than the fact that it supplies nearly all the fluid milk for a population of over 300,000 in greater Vancouver.

As I said before, I am in a difficult position because I cannot start to criticize the British Columbia government for not safeguarding the interests of the people of the district, since I do not know all the facts.

Mr. CRUICKSHANK: Mr. Chairman, I have a few more words to say, and I admit frankly that possibly I am, not unnecessarily, but excessively bitter. I represent at least ninety-five per cent of the people in the flooded area. During the time the flood was at its height, on one occasion I got in contact with my home by telephone, and my sister informed me that there was an urgent long distance call for me in Vancouver. When the second call came I took it, and the object of the call was for me to attend a by-election meeting in Vancouver. This was at seven o'clock at night. The one reason my telephone has not been taken out is that I have not lost the support of the hon. member for Mackenzie for the language I used.

Five minutes before, I heard a call for 1,000 volunteers for a certain area which I will not name, and then I am asked to leave when I am doing my duty, where the dike is threatened, in order to attend a political by-election. I was not there. If my language could have been heard there it would have flooded any dike.

I was the first one who said—I made the statement before I left Ottawa to return to the district—that no one could estimate the damage. I cannot on my own farm, nor can any member in the Fraser valley, estimate the damage to farm property that is anywhere from four feet to fifteen feet under water. Every newspaper in British Columbia, every radio station called me, and newspapers since I came back to Ottawa got in contact with me asking for my opinion on the damage. Government officials have asked me the same thing, and I replied that no one could estimate the extent of the damage caused by the flood.

As to the question of full rehabilitation, I wish to quote from a certain editorial and then I am through. I believe this editorial will substantiate what other members have said. I believe, Mr. Chairman, that this government is sincere in its desire to help, and so is parliament. I know the people of Canada are sincere in wishing to give all the assistance they can. I do not believe that the government, the department or the people of

Canada at this stage can estimate the extent of what is required to take care of the damage.

I am firmly of the opinion, however, that what is needed is something considerable. If I suggested a blank cheque I would be going too far, perhaps, but almost a blank cheque such as we had in wartime is necessary. This parliament and the people of Canada should in my opinion give this government the necessary means to re-establish their fellow citizens in the Fraser valley or in any other part of Canada to meet a national disaster such as this.

I should like to quote a front-page editorial from the largest weekly newspaper in the affected district, the Chilliwack *Progress*. This editorial will give hon. members of this committee a good idea of the situation. I quote:

They're Moving Back

Henry Jensen is tall, blonde, well built and Danish. He likes to wear a red baseball cap. He happens to be a progressive farmer and an aggressive, independent and energetic citizen.

He was forced from his Arnold road farm by the flood waters from the Cannor breakthrough. Friday, Henry Jensen and his friends got his cattle together; piled his possessions on a truck and set off down the Lickman road to home.

The Jensens were luckier than a good many people. He lost his crops but the flood didn't reach the main floor of his home. He's not discouraged and neither is his Vancouver bred wife.

For the last two weeks, he's been hearing government warnings, regulations, vague promises and announcements of plans to help him and others like him. He was anxious, like hundreds of others, to get back. He was one of the few who could go back. He couldn't afford to wait while governments bridged the time gap between when they said they were going to do something and when they actually do it.

Everyone knows machinery for relief and rehabilitation can't be set up overnight, but there has been an unnecessary amount of backing and filling by departments concerned; a reluctance to assume immediate responsibility and to back up announced plans with action.

The shortage of hay, even for temporary feeding of livestock, is for instance, critical. Immediate supplies are needed. People are still vague about who they are to see about health regulations; others are wandering around trying to find someone who is responsible for assessing damages to homes and barns. People have been moving back for a week now. It is later than the government thinks. The Jensens, the Toops have returned.

In none of the government's actions, however, is there evidence of insincerity—

I want the minister to note this.

—or a backing down on its promises. The problem is one of putting words into action.

To make political capital of the flood and its aftermath, as was done in '94, is abhorrent. It is nonsense to say the government is responsible for the flood. They must, however, with all of us, help clean up the aftermath and take steps to see that every possible means is employed to prevent a repetition of breaks in the diking system. They must see—with us—that a fair and equitable system of assessment of damages and payment of claims is worked out.

It is a big job and we should get on with it.

Is there anything unreasonable in that front-page editorial appearing in the largest weekly newspaper in the affected district? The only thing I wish to say in that connection was brought out during my absence at the request of the Canadian Legion of the Fraser valley, and that is the excessive cost of hay. Today hay is $36 a ton.

Chilliwack and the Fraser valley ask for consideration by the government and by parliament, not on party lines but as aid to our fellow Canadians.

Item agreed to.

Superannuation and retirement benefits—

71. Superannuation and Retirement Acts, administration, $220,091.

Mr. KNOWLES: I wish I knew some new argument or approach to make to the minister in connection with this matter. All sorts of arguments and approaches have been made; and from the letters that have been written and the resolutions that have been forwarded to the minister and the government one would think something would have touched off his heart before this to assist superannuated civil servants. I will not take time to go further into it now, principally because I think I might make more headway with the minister if I did not do so. But I hope that he is giving consideration to the continuing plea of superannuated civil servants, particularly those in the lower income brackets—and there are far too many of them—for some sort of cost of living bonus or other supplement.

Mr. ABBOTT: My hon. friend's views on that subject are well known. We have discussed this before. There is nothing that I could add to what I have said on previous occasions with respect to such things as cost of living bonus to superannuated civil servants. That payment is a form of contractual payment, the same as payments made under the pension funds of the railways and other private concerns or pensions which are provided by employers throughout the country. I have never felt, I do not feel at the present time, at any rate, that it would be appropriate.

Mr. KNOWLES: Surely the government should be a model employer.

Mr. ABBOTT: That may or may not be the case; but in any event, the government has not felt that it would be justified in granting such a bonus. I have had occasion

to say that before; and, as my hon. friend has indicated, he realizes that this is not the place to discuss that matter this evening.

Mr. KNOWLES: He does not like it at all.

Item agreed to.

Public debt charges—
(S) Cost of loan flotations, $525,000.

Mr. MACDONNELL (Muskoka-Ontario): I do not understand about this item for the cost of loan flotations, and how the charges are made up. They are marked "statutory" and therefore I take it that they are routine. Will the minister explain this item, because the cost of loan flotations is usually something incurred when the loan is made.

Mr. ABBOTT: It is a statutory item under the Consolidated Revenue and Audit Act. I do not think anything was spent for loans under the Consolidated Revenue and Audit Act. This item provides for flotation expenses of new bond issues, including advertising, engraving and travelling expenses, less commissions and remuneration to dealers, et cetera, which are amortized over the life of the loan.

Mr. MACDONNELL (Muskoka-Ontario): That is what I wondered about. Is this the amortized figure?

Mr. ABBOTT: Yes; that is correct.

Public debt charges—
(S) Interest on public debt—funded debt (including treasury bills)—
Payable in Canada, $415,013,481.33; payable in London, $327,089; payable in New York, $5,587,800; total, $420,928,370.33; other liabilities, $25,534,888; $446,463,258.33.

Mr. ADAMSON: I wish to ask the minister one question on this statutory item of $5,587,800, payable in New York. Does that represent part of the new loan recently incurred, or does that represent old loans?

Mr. ABBOTT: It does not represent any of the interest on the new loan. It represents interest on the approximately $140 million of United States-pay government securities which are at present outstanding.

Mr. ADAMSON: Are those direct obligations of the federal government?

Mr. ABBOTT: They are direct obligations of the federal government. That does not include any obligations of the Canadian National Railways.

General—
80. Tariff board, including the dominion trade and industry commission—payments may be made notwithstanding anything in the Civil Service Act or regulations, $94,740.
[Mr. Abbott.]

Mr. MACDONNELL (Muskoka-Ontario): Will the minister say a word about this item? What is the respective cost of this?

Mr. ABBOTT: For dominion trade and industry commission, there is provision for $1,000. That is for travelling and other expenses incidental to the operation of the commission. No major investigations were held during 1947-48. A number of informal conferences were held respecting complaints of unfair trade practices, and personal visits to Montreal and Toronto were carried out in that regard. Most of the work was conducted by correspondence, and the resulting adjustments were found quite satisfactory.

Item agreed to.

General—
81. To provide for the expenses of the comptroller of the treasury's office, $9,986,000.

Mr. MACDONNELL (Muskoka-Ontario): There is a large increase here. Will the minister explain that?

Mr. ABBOTT: The apparent large increase in this item results from the consolidation with it of certain activities formerly provided for under demobilization and reconversion. The only valid comparison of amounts between years, however, is that which takes into account the combined amounts voted in 1947-48 within normal and demobilization and reconversion estimates. From such a comparison, we find that the consolidation has been attended by a decrease in over-all provision for the comptroller's office of $1,149,353, as is apparent from the detail printed on page 124 of the main estimates.

Item agreed to.

General—
82. Farmers' Creditors Arrangement Act, 1943, and Municipal Improvements Assistance Act, 1938, administration, $63,331.

Mr. WRIGHT: I should like to ask the minister in which provinces the Farmers' Creditors Arrangement Act is still applicable and the number of applications for adjustments that have been made during the past year in each one of those provinces.

Mr. ABBOTT: It applies to the three prairie provinces. I am afraid I have not available here at the moment the number of adjustments made in the last year, but I think I can say from general knowledge that it was comparatively small. However I will be glad to get that information for my hon. friend, and see that it is furnished to him.

Item agreed to.

General—

83. Foreign exchange control board—administration, $26,800,000.

Mr. ADAMSON: I wish to move an amendment to item 83. I move:

That item 83 be reduced to one dollar.

I do this with a full realization that it hits at the major problem and one of the major planks of the government's policy of economic control. I feel that at the present time the foreign exchange control board and the artificial restrictions imposed on our trade with the United States are among the major contributory causes to the inflationary pressure which is being built up on the Canadian price structure. To illustrate my contention, I should like to quote from the current issue of the Canadian *Statistical Review,* just published for the month of May by the dominion bureau of statistics. Discussing the importance or the lessening of our unfavourable balance of trade with the United States, they say this:

Our unfavourable balance of trade with the United States for this period has fallen from $295 million in 1947 to about $156 million in the current year. But this improved trade position has meant that fewer imported goods have been available for the domestic market, while more of our own production has been going abroad. Although our imports from all countries are up by $27 million or by about three per cent, when allowance is made for the rise in prices, the actual volume has probably fallen.

Then it goes on:

With incomes earned in Canada continuing to rise—total labour income for the first quarter of the year was up $194 million over the same period a year ago—the demand for all types of consumer goods has remained high and this has almost inevitably resulted in a further upward pressure on price levels. The one important limiting factor has been the substantial surplus of the Canadian government.

I mentioned that before. Then it goes on to say:

As long as individuals, business firms, governments and foreign buyers try to spend funds in excess of current income the pressure toward higher price levels will continue.

There is one other sentence I should like to read, and I am endeavouring not to remove these extracts from their context. This last sentence is as follows:

As consumer goods accumulate and individuals' most urgent needs are filled, they become more willing to increase their rate of saving. Similarly as new plants are built business requirements for capital become less acute and this decline in the demands for new equipment also helps remove the upward pressure on prices.

I contend that the imposition of exchange restrictions is having the direct effect of pushing up prices, and that, by so restricting our trade with the United States, it is not only causing a certain amount of ill feeling but, further than that, preventing that necessary flow of free trade between our two countries. I feel that at the present time we are losing a tremendous volume of United States funds which would come to Canada for capital investment, come to Canada for the sake of building new plants.

I realize that great strides have been made in the construction of new plants. I feel that we may feel satisfied, in our own Canadian way; but we, on this North American continent, are lagging behind the increased productivity and increased industrial expansion of the country to the south of us. I consider that that is definitely, at least partly, caused by the restrictions on our exchange of currency.

We are in a singularly fortunate position. I believe that our economy, our natural resources, and the development of our potential natural wealth makes our economy free enough and strong enough to withstand the impact of a free exchange. I believe that we have undeveloped in Canada the greatest natural potential, particularly in things of which the United States is short, including base metals, as well as other products. At the present time I am speaking of non-farm products. I believe our economy can complement the United States economy, and that there are literally billions of dollars waiting for investment in Canada from the United States.

I say, further, that the impact of this money upon the development and investment market in Canada would have a tendency to keep our two exchanges in a state of comparative equilibrium. I do not think there is a danger of the Canadian dollar selling at a great discount. I believe that the advantage to the economy of Canada in having a truly international dollar, exchangeable into United States dollars, and exchangeable freely without let or hindrance, anywhere in the world, would be such an advantage to the Canadian economy that it must be seriously considered at the present time.

I realize that the Foreign Exchange Control Act ends on March 31, 1949. I believe that we are in a potentially strong enough position to free our dollar from controls now. I feel that the goods which we have and which the world must have, to exist, would guarantee that the Canadian dollar would become one of the most sought after currencies of the whole world. Furthermore, the freedom of capital to come into and leave Canada without restriction, let or hindrance would, in my opinion, bring in such an influx of develop-

ment capital that it would greatly solve our present adverse balance of trade with the United States.

For these reasons I have offered my amendment.

Mr. ABBOTT: I am not going to attempt tonight to argue the merits of foreign exchange control. It was only a few days ago that we discussed an amendment to the act. The hon. member has repeated his views, which are well known, and therefore I suggest that the vote be called.

Amendment negatived.

Item agreed to.

General—

85. To provide, subject to the approval of the treasury board, for salaries, reclassifications and increases, $10,000,000.

Mr. LENNARD: What I have to say deals with the stenographers of members of the House of Commons. From July, 1946, to May, 1948, the cost of living increased by 28 per cent. The stenographers on the House of Commons staff are employed between sessions in other departments of government. Up to a year ago they were given the grade II maximum, and received $143 a month. I understand that a year ago, on instructions of the Department of Finance, they received the grade II minimum, or $120 a month with reductions, which gave them a cheque of $103.

This is a drastic reduction, and these girls find it hard to make ends meet. I might say that, through this reduction, they are being trimmed of about $45 a month. There is the $23 reduction from the higher to the lower grade, and $22 as an allowance for the 28 per cent increase in living costs.

We cannot expect to have expert stenographers on the House of Commons stenographic staff if that is the way in which they are to be treated. It is no encouragement for them. I must say that the permanent civil service is receiving increases and has permanent employment. Apparently this is the only group being discriminated against. By reducing them from the grade II maximum to the minimum, the government is saving only a small amount each year. It is no encouragement to treat these employees in this way.

Mr. ABBOTT: I have been listening to the hon. member's remarks, and I am sure His Honour the Speaker will take note of what has been said.

Mr. LENNARD: It is not his responsibility.

Mr. ABBOTT: It is under Mr. Speaker's estimates.

[Mr. Adamson.]

Mr. LENNARD: It is after they leave here; it is not the salaries they receive here, it is the salaries they receive between sessions that I am concerned with.

Mr. MACDONNELL (Muskoka-Ontario): We have here $5,500,000 and another $5,000,000 in the supplementaries.

Mr. ABBOTT: It is $10,000,000 here. This is an annual vote to provide basket or blanket authority for salaries, reclassifications and increases that have to be made during the year.

Mr. MACDONNELL (Muskoka-Ontario): In all departments?

Mr. ABBOTT: In all departments as and when treasury board approves the reclassifications or increases for which specific provision has not been made in the departmental estimates. This vote varies each year, depending upon the probable extent of the reclassifications. As the committee knows, examination is being made throughout the civil service, and reclassification has been going on rather more this year than would normally be the case.

Mr. PEARKES: Does it provide for additional personnel, or is it only for salary increases for personnel already employed?

Mr. ABBOTT: If additional personnel are authorized and approved by the civil service commission the salaries of those personnel, if not provided for in a departmental estimate, would be charged to this vote.

Mr. PEARKES: How many additional personnel are being provided for?

Mr. ABBOTT: There is no specific provision for any number. As I say, this is a basket item put in each year.

Item agreed to.

Demobilization and reconversion—Wartime prices and trade board—

87. Administration, $3,990,040.

Mr. KNOWLES: I should like to have a few more words with the minister about the wartime prices and trade board and this question of the reimposition of price controls and subsidies. I hope that we are now able to discuss this matter in a little more reasonable atmosphere than was the case for a number of months prior to last night. Until last night any request from this corner of the house for a reimposition of price controls and subsidies was met with a negative reply. The minister has told us on occasion that it could be done only by the restoration of wage controls. He has told us on other occasions that some controls were being maintained in so far as that

was permitted by the parliamentary statute, but it was clear that the general approach of the government was negative.

However, we now have the adoption of the prices committee report, which, although it did not go down the line for over-all price controls, suggested that some controls and subsidies should be put back on. Earlier this evening I felt that the minister indicated a slight change of attitude, in that he stated that the recommendations of the committee as approved by the house would be given immediate consideration. I should like the minister to recall a question which was asked him last Thursday by my colleague, the hon. member for Churchill, and which had to do with the minister's promise earlier this year that if prices of meat and butter got out of hand controls would be reimposed. That promise took the form of a statement which the minister made on March 4 of this year, as reported on pages 1864 and 1865 of *Hansard* in reply to a question by the hon. member for Lethbridge. On that occasion the hon. member asked this same question. I think I should give the committee the text of the minister's answer on that date. This is the Minister of Finance speaking:

> Perhaps I had better answer that question. The situation with respect to ceilings on meat, including beef, is this. The government announced late in January, I think, that it intended to reimpose ceilings on meat and on butter; and it was pointed out at that time that the imposition of retail ceilings on meat involved quite a technical operation in working out what those ceilings should be with respect to, I am told, nearly 200 items. That work has been proceeded with and it is now completed; but in the meantime the retail prices of meats are somewhat below the prices which were prevailing at the time the announcement was made, and therefore there has been no necessity to impose the formal ceilings. As I say, the technical work has been done, and in the event of its being necessary to do so, ceilings can be reimposed promptly.

As long ago as March 4 the minister indicated that the technical work, even though it was complicated and involved nearly 200 meat items, had been completed and that the government was in a position, through the medium of the wartime prices and trade board, to put ceilings back on if the same became necessary. I should like to ask the minister what work has been done in the meantime by the wartime prices and trade board to get ready to put ceilings back on as might now be desirable in view of the approval that this house gave to the report of the prices committee. It seems to me that the argument which the government has used in the past should not now be used because of the action taken last night by this house and because of the at least slight change in attitude shown by the minister earlier this evening when he said that immediate consideration would be given to this report.

I know something of the splendid work the wartime prices and trade board did in the years when the government gave it half a chance, and it would seem to me that that board would now have some machinery ready and some of the technical work done, so that it would be possible for the government to act upon the report of the prices committee. I am not now asking the minister for a restatement of the promise he made at eight o'clock; I am asking him to state what plans have been worked out and what work has been done by the wartime prices and trade board to get ready to carry out an anticipated change in government policy.

Mr. ABBOTT: If it were decided to reimpose ceilings, on meat for instance—I am not prepared to say that would be a desirable thing—it would be necessary for the prices board to do a considerable amount of technical work; it would be necessary to call in the trade and make quite an extensive study. Retail ceilings on meat is a complicated matter. Meat prices have already moved through the ceilings to which I referred last January. This sort of thing works both ways and the producers may have some interest in the matter.

To answer my hon. friend's question directly, it would be necessary for the prices board to do a considerable amount of work in order to be ready to reimpose ceilings on meat. So far that work has not been done.

Mr. KNOWLES: May I point out that on March 4, when the minister was asked a question by the hon. member for Lethbridge, the reply was that the technical work on these 200 items had been done but the prices were below the ceiling—

Mr. ABBOTT: Below the proposed ceiling.

Mr. KNOWLES: And now he tells us that the prices have moved through the ceiling.

Mr. ABBOTT: That is right.

Mr. KNOWLES: The housewives of Canada know that, and that is given as an excuse for not going ahead with this matter. It seems to me that this is not good enough, the finding of one excuse after another while the people of Canada suffer from this serious problem. I hope that when we meet tomorrow morning the minister will be able to tell us that he has asked the wartime prices and trade board to do the job which it can do in connection with this matter.

Mr. POULIOT: Some years ago—

Some hon. MEMBERS: Eleven o'clock.

Mr. ABBOTT: If the committee desires I am willing to go on and complete my estimates, but I am entirely in the hands of the committee.

The CHAIRMAN: Is it the desire of the committee to sit for a short time after eleven o'clock?

Some hon. MEMBERS: No.

Mr. KNOWLES: The minister ought to take time to think this thing over.

Mr. ABBOTT: There will be no different answer to my hon. friend in the morning.

Some hon. MEMBERS: Eleven o'clock.

Mr. GREEN: We agreed with the Minister of Public Works that we would sit long enough to enable the house to dispose of certain divorce bills after eleven o'clock.

Item stands.

Resolutions reported, read the first and second times and concurred in.

PRIVATE BILLS

CONSIDERED IN COMMITTEE—THIRD READINGS

Bill No. 12, for the relief of Florence Joyce West Shannon.—Mr. Maybank.

Bill No. 13, for the relief of Alice Cecilia Anne Magniac Bailey.—Mr. Maybank.

Bill No. 14, for the relief of Valerie Jean Lewis Samson.—Mr. Maybank.

Bill No. 15, for the relief of William Neville Buckingham.—Mr. Maybank.

Bill No. 16, for the relief of Marguerite Elsie Dunan Currie.—Mr. Maybank.

Bill No. 17, for the relief of Ellen Catherine Holder.—Mr. Maybank.

Bill No. 18, for the relief of Doris Amy Peate Taylor.—Mr. Maybank.

Bill No. 19, for the relief of Kenneth Elliott Mitchell.—Mr. Maybank.

Bill No. 20, for the relief of Margaret Craig Carmichael Nicholson.—Mr. Maybank.

Bill No. 21, for the relief of Hilda Emily Brown.—Mr. Maybank.

Bill No. 22, for the relief of Joan Ruth Grimble Campbell.—Mr. Maybank.

Bill No. 23, for the relief of Raymond Masse.—Mr. Maybank.

Bill No. 24, for the relief of Barbara Mary Day Duffy.—Mr. Maybank.

Bill No. 25, for the relief of Joseph Dunn.—Mr. Maybank.

Bill No. 26, for the relief of Rena Victoria Rabin Wolfe.—Mr. Maybank.

Bill No. 27, for the relief of Frederick Smith.—Mr. Maybank.

Bill No. 28, for the relief of William Thomas Wright.—Mr. Maybank.

Bill No. 29, for the relief of Marie Antoinette Aubut dit Cimon Charron.—Mr. Maybank.

Bill No. 30, for the relief of James Arnold Wells.—Mr. Maybank.

Bill No. 31, for the relief of Magdelena Kleiziute Testart.—Mr. Maybank.

Bill No. 32, for the relief of Hazel Shirley Elizabeth Hart Layton.—Mr. Maybank.

Bill No. 33, for the relief of Irene Morgan Neilson.—Mr. Maybank.

Bill No. 34, for the relief of Elerick Montgomery Barton.—Mr. Maybank.

Bill No. 36, for the relief of Adelaide Margaret Munn Bain.—Mr. Maybank.

Bill No. 37, for the relief of Gwendolyn Beulah Russell Denenfeld.—Mr. Maybank.

Bill No. 38, for the relief of Miriam Salomon Starr.—Mr. Maybank.

Bill No. 39, for the relief of Laura Krause Suffrin.—Mr. Maybank.

Bill No. 40, for the relief of Jean Fullarton Craig Walker.—Mr. Maybank.

Bill No. 41, for the relief of William Hesketh.—Mr. Maybank.

Bill No. 42, for the relief of Janet Alice Smith Bennett.—Mr. Maybank.

Bill No. 43, for the relief of Gwendoline Elizabeth Hunt Edmund.—Mr. Maybank.

Bill No. 44, for the relief of Reta Mabel Welch Gilbert.—Mr. Maybank.

Bill No. 45, for the relief of Leah Shrimer Schanker.—Mr. Maybank.

Bill No. 46, for the relief of Doris Mary Stratton Stuart.—Mr. Maybank.

Bill No. 51, for the relief of Hellmut Hans Karl Pokorny.—Mr. Maybank.

Bill No. 52, for the relief of Bella Wine Rapps.—Mr. Maybank.

Bill No. 53, for the relief of Winifred Anthony Leith.—Mr. Maybank.

Bill No. 54, for the relief of Eugene Alden Anderson.—Mr. Maybank.

Bill No. 55, for the relief of Shirley Leighton Pawson Milligan.—Mr. Boucher.

Bill No. 56, for the relief of Mary Josephine Ruth Girard Rosenberg.—Mr. Maybank.

Bill No. 57, for the relief of Leah Marcelle Pettitt Reeve.—Mr. Croll.

Bill No. 58, for the relief of Marie Yvette Francoise Bayard Savard.—Mr. Maybank.

Bill No. 61, for the relief of Simone Boily Whitelaw.—Mr. Maybank.

Bill No. 62, for the relief of Ernest Alfred Coker.—Mr. Maybank.

Bill No. 63, for the relief of Clarence William Henry Hodgson.—Mr. Maybank.

Bill No. 64, for the relief of Vera May Paulson Ward.—Mr. Maybank.

Bill No. 65, for the relief of Ruth Ethel Attwood McVicar.—Mr. Maybank.

Bill No. 66, for the relief of Henry George Halsey.—Mr. Maybank.

Bill No. 67, for the relief of George Crosby-Wilson Gray.—Mr. Maybank.

Bill No. 68, for the relief of Joseph David Ernest Paul Maysenhoelder.—Mr. Maybank.

Bill No. 69, for the relief of Myrtle Macdonald Heale Daniluk.—Mr. Maybank.

Bill No. 70, for the relief of Robert Grincill Barnet Jones.—Mr. Maybank.

Bill No. 71, for the relief of Gertrude Katherine Margolis Bird.—Mr. Maybank.

Bill No. 72, for the relief of Cecilia Maud Wood Marshall.—Mr. Maybank.

Bill No. 73, for the relief of Beatrice Doris Haggerty Goodier.—Mr. Maybank.

Bill No. 74, for the relief of Joyce Knowles Ledoux—Mr. Maybank.

Bill No. 75, for the relief of Robert Ernest Beadie.—Mr. Maybank.

Bill No. 76, for the relief of Grace Davie Park Parr.—Mr. Maybank.

Bill No. 77, for the relief of Jeanne Crete Benoit.—Mr. Maybank.

Bill No. 78, for the relief of Sarah Cummings Menzie Carlin.—Mr. Maybank.

Bill No. 79, for the relief of Annie Goldenberg Schulman.—Mr. Maybank.

Bill No. 80, for the relief of Clarice Jean Field Campbell.—Mr. Maybank.

Bill No. 81, for the relief of Georgina Claire Williscroft Bovard.—Mr. Maybank.

Bill No. 82, for the relief of Saul Jack Costin.—Mr. Maybank.

Bill No. 83, for the relief of Mary Shore Bernstein.—Mr. Maybank.

Bill No. 84, for the relief of Saul Ettinger.—Mr. Maybank.

Bill No. 85, for the relief of Lloyd Arthur Davies.—Mr. Maybank.

Bill No. 86, for the relief of Alfred Keeley.—Mr. Maybank.

Bill No. 87, for the relief of Marie Albina Ethel Dubois Howick.—Mr. Maybank.

Bill No. 88, for the relief of Ignaty (Ignas) Sokolovsky.—Mr. Maybank.

Bill No. 89, for the relief of Laura Grace Hanley Huggenberger.—Mr. Maybank.

Bill No. 90, for the relief of Eva Wolfovitch Zloty, otherwise known as Eva Wolfovitch Gold.—Mr. Maybank.

Bill No. 91, for the relief of Sheila Lightstone Marcus.—Mr. Maybank.

Bill No. 92, for the relief of Lea Alvina Mary Boulay Orr.—Mr. Maybank.

Bill No. 93, for the relief of Armand Lapierre.—Mr. Maybank.

Bill No. 94, for the relief of Georgette Ruth Cote Geller.—Mr. Maybank.

Bill No. 95, for the relief of Mary Elizabeth Ellwood Blackburn.—Mr. Maybank.

Bill No. 96, for the relief of Annie Elisabeth Horseman Charters.—Mr. Maybank.

Bill No. 97, for the relief of Sarah Ann Older Verrier.—Mr. Maybank.

Bill No. 98, for the relief of Anna Martha Kokojachuk Waugh.—Mr. Maybank.

Bill No. 99, for the relief of Elsie Mark Farley.—Mr. Maybank.

Bill No. 100, for the relief of Lela May Begley Hall.—Mr. Maybank.

Bill No. 101, for the relief of Marguerite Isaacs Kutz.—Mr. Maybank.

Bill No. 102, for the relief of Delilah May Jacobs Button.—Mr. Maybank.

Bill No. 103, for the relief of Ruth Shkurnik Gilbert.—Mr. Maybank.

Bill No. 104, for the relief of Goldie Tessler Wise.—Mr. Maybank.

Bill No. 105, for the relief of Martha Norman McCairns.—Mr. Maybank.

Bill No. 106, for the relief of Marion Rita Kendall O'Donahoe.—Mr. Maybank.

Bill No. 107, for the relief of Gertrude Mae McLean Cole.—Mr. Maybank.

Bill No. 108, for the relief of Freda Gertrude Parkes McMillan.—Mr. Maybank.

Bill No. 109, for the relief of Alma Petrides Prysky.—Mr. Maybank.

Bill No. 110, for the relief of Jean MacDonald Di Falco.—Mr. Maybank.

Bill No. 111, for the relief of Betty Yossem Edelstein.—Mr. Maybank.

Bill No. 112, for the relief of Leonard Carlton Matthews.—Mr. Maybank.

Bill No. 113, for the relief of St. Kilda McKay McLean Anderson—Mr. Maybank.

Bill No. 116, for the relief of Nellie Polistuck Levac.—Mr. Maybank.

Bill No. 117, for the relief of Eleen Rose Gray Lawson.—Mr. Maybank.

Bill No. 118, for the relief of Frieda Kimelfild Solomon.—Mr. Maybank.

Bill No. 119, for the relief of Gordon Merrill Fuller—Mr. Maybank.

Bill No. 120, for the relief of Phyllis Joyce Bradfield Ainsworth.—Mr. Maybank.

Bill No. 121, for the relief of Michael Charles Parr.—Mr. Maybank.

Bill No. 122, for the relief of Edna Birch Drimer.—Mr. Maybank.

Bill No. 123, for the relief of Elinore Oakes Forgues.—Mr. Maybank.

Bill No. 124, for the relief of Mary Gwozdecka Carter.—Mr. Maybank.

Bill No. 125, for the relief of Ralph Woodall.—Mr. Maybank.

Bill No. 127, for the relief of Joseph Onfroy Pilon.—Mr. Maybank.

Bill No. 128, for the relief of Thelma May Heggie May.—Mr. Maybank.

Bill No. 129, for the relief of Molly Renetta Fry Bist—Mr. Maybank.

Bill No. 130, for the relief of Patricia Potter Parker.—Mr. Maybank.

Bill No. 131, for the relief of Helen May Smith Saunders.—Mr. Maybank.

Bill No. 132, for the relief of Jean Duncan Girard.—Mr. Maybank.

Bill No. 133, for the relief of Evelyn Sylvia Jones Bowen.—Mr. Maybank.

Bill No. 134, for the relief of Joseph Eugene Ernest Bourbonnais.—Mr. Maybank.

Bill No. 139, for the relief of Mildred Frances Batten Gzowski.—Mr. Maybank.

Bill No. 140, for the relief of Irene Nellie Kon Ballantyne.—Mr. Maybank.

Bill No. 141, for the relief of Theophile Gobeille.—Mr. Maybank.

Bill No. 142, for the relief of Violet Mary Cowper Preston.—Mr. Maybank.

Bill No. 143, for the relief of Virginia Grace Borland Langton.—Mr. Boucher.

Bill No. 144, for the relief of Ethelwyn Lillian Flynn Budd.—Mr. Croll.

Bill No. 145, for the relief of Alfred Winston Savage.—Mr. Maybank.

Bill No. 146, for the relief of Elizabeth Frances Mary Liddle McClelland.—Mr. Maybank.

Bill No. 152, for the relief of Rose Landes Clopoff.—Mr. Maybank.

Bill No. 153, for the relief of Micheline Desautels Dooney.—Mr. Maybank.

Bill No. 154, for the relief of William Roydon Saltor.—Mr. Maybank.

Bill No. 155, for the relief of Marie Eva Thibodeau Buelow.—Mr. Maybank.

Bill No. 156, for the relief of Margaret Sleno Staines.—Mr. Maybank.

Bill No. 157, for the relief of Jean Hume Munro Auburn.—Mr. Maybank.

Bill No. 158, for the relief of Gilles Henault.—Mr. Maybank.

Bill No. 159, for the relief of Edward Gordon Jakeman.—Mr. Maybank.

Bill No. 160, for the relief of Kathleen McKeown Stevenson.—Mr. Maybank.

Bill No. 161, for the relief of Alice Mary Gallant Currie.—Mr. Maybank.

Bill No. 162, for the relief of Muriel Frances Marks Buchanan.—Mr. Maybank.

Bill No. 163, for the relief of Leona Selma Cutway Hall.—Mr. Maybank.

Bill No. 164, for the relief of Avery Patricia Gill Reinhold.—Mr. Maybank.

[Mr. Maybank.]

Bill No. 165, for the relief of Poppy Catherine Hayakawa Smith.—Mr. Maybank.

Bill No. 166, for the relief of Dolores Margaret Paul Warner.—Mr. Maybank.

Bill No. 167, for the relief of Norma Burnstein Levee.—Mr. Maybank.

Bill No. 168, for the relief of Eileen Sophie McNamara Sepchuk.—Mr. Maybank.

Bill No. 169, for the relief of Mary Rowan Young Conway.—Mr. Maybank.

Bill No. 170, for the relief of Ethel Margaret Tweddell Cartmel.—Mr. Maybank.

Bill No. 175, for the relief of Winifred Audrey Meyer Holton.—Mr. Maybank.

Bill No. 176, for the relief of Chester Adam Hart.—Mr. Maybank.

Bill No. 177, for the relief of Marie Marguerite Cecile Gagnon Lescadres.—Mr. Maybank.

Bill No. 178, for the relief of Samuel Reinhardt Lewis.—Mr. Maybank.

Bill No. 179, for the relief of Ersilia Pace Imonti.—Mr. Maybank.

Bill No. 180, for the relief of Helen Rose Noel Steele.—Mr. Maybank.

Bill No. 181, for the relief of Edith Saltzman Rashkovan.—Mr. Maybank.

Bill No. 182, for the relief of Ida Malfara Romanelli.—Mr. Maybank.

Bill No. 185, for the relief of Francis Clyde Peachey.—Mr. Boucher.

Bill No. 186, for the relief of Harriet Dodd McLachlan Cummings.—Mr. Maybank.

Bll No. 187, for the relief of Phyllis Smith Curtis.—Mr. Maybank.

Bill No. 188, for the relief of Jacqueline Louise Waddington Skinner.—Mr. Maybank.

Bill No. 189, for the relief of George Malouf.—Mr. Maybank.

Bill No. 190, for the relief of Sonja Anna Margaret van der Walde Brown.—Mr. Maybank.

Bill No. 191, for the relief of Richard Edward Welsh.—Mr. Maybank.

Bill No. 192, for the relief of Violet Maude Mitchell.—Mr. Maybank.

Bill No. 193, for the relief of Elsie Williams Lodge.—Mr. Maybank.

Bill No. 194, for the relief of Joseph Albert Aldee Leveillee.—Mr. Maybank.

Bill No. 215, for the relief of Ella Margaret McLaughlin Baisley.—Mr. Maybank.

Bill No. 216, for the relief of Mavis Aurelia Leney Ogilvie Walker.—Mr. Maybank.

Bill No. 217, for the relief of Joanna Wright Farrell.—Mr. Maybank.

Bill No. 218, for the relief of Margaret Patricia Jones Gavey.—Mr. Maybank.

Bill No. 219, for the relief of Selma Rattner Fridhandler.—Mr. Maybank.

Bill No. 222, for the relief of Lucien Menard.—Mr. Maybank.

Bill No. 223, for the relief of Sheila Trench Thomson Ellis.—Mr. Maybank.

Bill No. 224, for the relief of Alexandre Hebert.—Mr. Maybank.

Bill No. 225, for the relief of Anne Greenblatt Pliss.—Mr. Maybank.

Bill No. 226, for the relief of Sonnie Levitt Shereck.—Mr. Maybank.

Bill No. 227, for the relief of James Young.—Mr. Maybank.

Bill No. 230, for the relief of Hazel Violet Camp Mace.—Mr. Maybank.

Bill No. 231, for the relief of Adah Elizabeth Jeffries Heinz.—Mr. Maybank.

Bill No. 232, for the relief of Mabel Findlay Turner Rollo.—Mr. Maybank.

Bill No. 233, for the relief of Anna Dagmar Dahl.—Mr. Maybank.

Bill No. 234, for the relief of Florence Evelyn White Marshall.—Mr. Maybank.

Bill No. 235, for the relief of Kathryn Mae Richardson Rowe.—Mr. Maybank.

Bill No. 236, for the relief of Margaret Dawson Jamieson Turnbull McKay.— Mr. Maybank.

Bill No. 237, for the relief of Margaret Elizabeth Dunn Vezina.—Mr. Maybank.

Bill No. 238, for the relief of Elizabeth Craig Blair.—Mr. Maybank.

Bill No. 239, for the relief of Charles Henry Kennell.—Mr. Maybank.

Bill No. 240, for the relief of Muriel Frances Pratt Fiddes.—Mr. Maybank.

Bill No. 241, for the relief of Leah Zeiger Rudenko.—Mr. Maybank.

Bill No. 242, for the relief of Ruth Harris.—Mr. Maybank.

Bill No. 243, for the relief of Eva Booth Morrison McCormick.—Mr. Maybank.

Bill No. 244, for the relief of Naomi Evelyn Masterangelo Rosenstein.—Mr. Maybank.

Bill No. 245, for the relief of Jean Lauder Rutledge.—Mr. Maybank.

Bill No. 246, for the relief of Henry George Chartier.—Mr. Maybank.

Bill No. 247, for the relief of Francis Russell Stone.—Mr. Maybank.

Bill No. 249, for the relief of Mathilda Welter Jackson.—Mr. Maybank.

Bill No. 250, for the relief of Joseph Thomson Mowat.—Mr. Maybank.

Bill No. 251, for the relief of Mary Hrychuk Fleury.—Mr. Maybank.

Bill No. 252, for the relief of Anna Kathleen Burnie Beebe.—Mr. Maybank.

Bill No. 253, for the relief of Jenny Muriel Pressley Scott.—Mr. Maybank.

Bill No. 254, for the relief of Mary Pappas Gigantes, otherwise known as Marie Papadatos Gigantes.—Mr. Maybank.

Bill No. 255, for the relief of Gilbert Brinton Campbell.—Mr. Maybank.

Bill No. 256, for the relief of Helen McGregor Hanley.—Mr. Maybank.

Bill No. 257, for the relief of Yudit Mary de Bartok Richardson.—Mr. Maybank.

Bill No. 258, for the relief of Abraham Schechter.—Mr. Maybank.

Bill No. 259, for the relief of Caroline Alice Woods Mayhew.—Mr. Maybank.

Bill No. 260, for the relief of Giana Stephen Cantlie Lyman.—Mr. Maybank.

Bill No. 261, for the relief of James Gustov Reed.—Mr. Maybank.

Bill No. 262, for the relief of Elizabeth Ruth Maitland Harley.—Mr. Maybank.

Bill No. 263, for the relief of Daisy Elizabeth May Fishlock Wallace.—Mr. Maybank.

Bill No. 264, for the relief of Gertrude Agnes Dorothy Cunningham McLarnon.—Mr. Maybank.

Bill No. 265, for the relief of Jeanette Ore Paige.—Mr. Maybank.

Bill No. 266, for the relief of Reva James Nathanson.—Mr. Maybank.

Bill No. 267, for the relief of Gerald Roderick Bartlett.—Mr. Maybank.

Bill No. 268, for the relief of Dorothy Jardine Palmer Petrie.—Mr. Maybank.

Bill No. 269, for the relief of Nellie Maisie Wingham Carphin.—Mr. Maybank.

Bill No. 270, for the relief of Beatrice Gertrude Corbin Simand.—Mr. Maybank.

Bill No. 271, for the relief of Margaret McCallum Cameron Baird Brine.—Mr. Maybank.

Bill No. 272, for the relief of Leila May Willett Ascah.—Mr. Maybank.

Bill No. 273, for the relief of Joseph Ulric Stanislas Caron.—Mr. Maybank.

Bill No. 274, for the relief of Edith Elizabeth Walker.—Mr. Maybank.

Bill No. 275, for the relief of Yvonne Jeanne Leslie.—Mr. Maybank.

Bill No. 276, for the relief of Bertha (Brana) Handes Ramer.—Mr. Croll.

Bill No. 277, for the relief of Ellen Gertrude Hinks Fairhurst.—Mr. Maybank.

Bill No. 278, for the relief of Shirley Marder Berman.—Mr. Maybank.

Bill No. 279, for the relief of Vera Maud Thayer Gunn.—Mr. Maybank.

Bill No. 283, for the relief of Joseph Chiarella.—Mr. Maybank.

Bill No. 284, for the relief of Merle Allene Dalton.—Mr. Maybank.

Bill No. 285, for the relief of George Nestor Cloutier.—Mr. Maybank.

Bill No. 286, for the relief of Rufina Olga Soltysik Leshchynski.—Mr. Maybank.

Bill No. 287, for the relief of Rhea Lillian Appel Ostroff.—Mr. Maybank.

Bill No. 288, for the relief of Alice Elizabeth Tucker Shaw.—Mr. Maybank.

Bill No. 289, for the relief of Libby Raikles Lerner.—Mr. Maybank.

Bill No. 290, for the relief of Beatrice Catherine McCabe Sowerby.—Mr. Maybank.

Bill No. 291, for the relief of John Morrell. —Mr. Cardiff.

Bill No. 292, for the relief of Lily White Borgan.—Mr. Maybank.

Bill No. 293, for the relief of James Donald Bacon.—Mr. Maybank.

Bill No. 294, for the relief of Laurel Gwendolyn Wilband Walsh.—Mr. Maybank.

Bill No. 295, for the relief of Lillian Eileen Rendle Nadler.—Mr. Maybank.

Bill No. 296, for the relief of Claire Alice Tucker Vincent.—Mr. Maybank.

Bill No. 297, for the relief of Audrey Beryl Fryer.—Mr. Maybank.

Bill No. 302, for the relief of Marguerite Pichette Sanzone.—Mr. Maybank.

Bill No. 303, for the relief of Frederick Edward Sharman.—Mr. Maybank.

Bill No. 304, for the relief of Joseph Leopold Joffre Viau.—Mr. Maybank.

Bill No. 305, for the relief of Olga Timofy Ewaschuk.—Mr. Maybank.

Bill No. 306, for the relief of Leie Snideman Tuchsneider, otherwise known as Lilly Schneidman Schneider.—Mr. Maybank.

Bill No. 307, for the relief of William Francis Dunphy.—Mr. Maybank.

Bill No. 308, for the relief of Alice Hoare Dubeau.—Mr. Maybank.

Bill No. 309, for the relief of Jennie Leibovitch Margolese.—Mr. Maybank.

Bill No. 310, for the relief of Hugh Cyril Harvey.—Mr. Maybank.

Bill No. 311, for the relief of Barbara Yuile. —Mr. Maybank.

Bill No. 312, for the relief of Violet Mae Ruth Johnson Menaker.—Mr. Maybank.

Bill No. 314, for the relief of John Clayton Sturgeon.—Mr. Maybank.

Bill No. 315, for the relief of Alice Deborah Townsend Hawker.—Mr. Croll.

Bill No. 316, for the relief of Rae Bellam Baron.—Mr. Maybank.

Bill No. 317, for the relief of David Ewing Jackson.—Mr. Maybank.

Bill No. 318, for the relief of Olive Turnidge Burns Turner.—Mr. Maybank.

Bill No. 319, for the relief of Dorothy June Wilson Weedmark.—Mr. Maybank.

Bill No. 320, for the relief of Kate Henny Wacker Prengel.—Mr. Maybank.

Bill No. 321, for the relief of Jeannette Racine Garneau.—Mr. Maybank.

Bill No. 322, for the relief of Gladys Gwendolyn Goode Buttress.—Mr. Maybank.

Bill No. 323, for the relief of Gladys Victoria Lewis White.—Mr. Maybank.

Bill No. 324, for the relief of Madge Reynard Lambton.—Mr. Maybank.

Bill No. 325, for the relief of Cornelia Barendrecht Nickel.—Mr. Maybank.

Bill No. 336, for the relief of Paul Charbonneau.—Mr. Maybank.

Bill No. 352, for the relief of Samuel Lankszner.—Mr. Maybank.

Bill No. 353, for the relief of Audrey Maude Victoria Giles Findlay.—Mr. Maybank.

Bill No. 354, for the relief of George Elias Heydenreich.—Mr. Maybank.

Bill No. 355, for the relief of Guiseppina Cannuli Catalfamo.—Mr. Maybank.

Bill No. 356, for the relief of Ann Laurie Willett Allan.—Mr. Maybank.

Bill No. 357, for the relief of Leon Schechter.—Mr. Maybank.

Bill No. 358, for the relief of Beatrice Evelyn Tutill Bobinsky.—Mr. Maybank.

Bill No. 359, for the relief of Una Mary Phillips Slavin.—Mr. Maybank.

Bill No. 360, for the relief of Margaret Laidley Lawrie Burke.—Mr. Maybank.

Bill No. 361, for the relief of Albert Kenworthy.—Mr. Maybank.

Bill No. 366, for the relief of Esther Leibof Kaufman.—Mr. Maybank.

Bill No. 367, for the relief of Harold Clarence Simkin.—Mr. Maybank.

Bill No. 368, for the relief of Winnifred Emily Ford Salmon.—Mr. Maybank.

Bill No. 369, for the relief of Arthur Herbert John Louth.—Mr. Maybank.

Bill No. 370, for the relief of Frank Potts. —Mr. Maybank.

Bill No. 371, for the relief of Kenneth Wright Williamson.—Mr. Maybank.

Bill No. 372, for the relief of Ida Goldman Adelstein.—Mr. Maybank.

Bill No. 373, for the relief of George Cohen. —Mr. Maybank.

Bill No. 374, for the relief of Katharine Lillian Cornish Mullin.—Mr. Maybank.

Bill No. 375, for the relief of Orville Lester Bennett—Mr. Maybank.

Bill No. 376, for the relief of May Holmes Martin.—Mr. Maybank.

Bill No. 377, for the relief of Georgette Mathias.—Mr. Maybank.

Bill No. 378, for the relief of Gladys Odella Sweet Elliott.—Mr. Maybank.

Bill No. 379, for the relief of Robert Charles Delafosse.—Mr. Maybank.

Bill No. 380, for the relief of Adelaide Jardine McDonald.—Mr. Maybank.

Bill No. 381, for the relief of Edith McLachlan Ward.—Mr. Maybank.

Bill No. 382, for the relief of Eva Lamothe Paquin.—Mr. Maybank.

Bill No. 383, for the relief of Elizabeth Iris Lobar Kinnon.—Mr. Maybank.

Bill No. 384, for the relief of Jeanne Obodofsky Newton.—Mr. Maybank.

Bill No. 385, for the relief of Philip Sidilkofsky.—Mr. Maybank.

Bill No. 386, for the relief of Rhoda Marjorie Beacom Sadler.—Mr. Maybank.

Bill No. 387, for the relief of Becky Herscovitch Moscovitch.—Mr. Maybank.

Bill No. 388, for the relief of Veronica Conrick Pelley.—Mr. Maybank.

Bill No. 389, for the relief of William Bryan Hazel.—Mr. Maybank.

Bill No. 390, for the relief of Victorien Tremblay.—Mr. Maybank.

BUSINESS OF THE HOUSE

Mr. FOURNIER (Hull): Tomorrow we shall continue with the estimates of the Minister of Finance and any others remaining.

Mr. GREEN: What other estimates remain to be passed?

Mr. FOURNIER (Hull): In the main estimates there are Legislation and the Prime Minister's office. There are also some supplementaries. I think there are also two items still standing in Veterans Affairs.

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

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

DEPARTMENT OF NATIONAL REVENUE

International short wave broadcasting station—

307. Maintenance and operation, $1,711,500.

308. Capital costs, $75,000.

General—International short wave broadcasting station—

804. Maintenance and operation—further amount required, $116,591.89.

805. Capital costs—further amount required, $3,066,400.

Loans and Investments—Canadian Broadcasting Corporation —

930. Loans to the Canadian Broadcasting Corporation repayable with interest at a rate to be fixed by the governor in council on such terms and conditions as the governor in council may determine and to be applied in payment of expenditures on the construction, extension or improvement of capital works of the broadcasting facilities of the Canadian Broadcasting Corporation in Canada. Such loans, with interest, shall be a charge on the revenues of the Canadian Broadcasting Corporation next after the charge imposed under the provisions of section 17 of the Canadian Broadcasting Act, 1936, $1,250,000.

DEPARTMENT OF PUBLIC WORKS

327. Departmental administration, $246,607.

Architectural branch—

328. Branch administration, $412,001.

329. Ottawa—maintenance and operation of dominion public buildings and grounds, including rents, repairs, furniture, heating, etc., $7,548,875.

330. Maintenance and operation of dominion public buildings and grounds, other than at Ottawa, including rents, repairs, furniture, heating, etc., $8,612,478.

Nova Scotia—

331. Annapolis Royal public building—repairs and improvements, $12,000.

Bridgewater public building—Alterations and improvements (revote $12,500), $40,000.

Halifax customs building—improvements and elevator (revote), $35,000.

Halifax federal building—improvements and repairs (revote), $45,000.

Halifax—postal station at Armdale (revote, $30,000), $43,000.

Halifax—postal station at north end (revote $4,000), $40,000.

Halifax—office building (revote), $25,000.

Sydney public building—alterations, improvements and repairs, $20,000.

New Brunswick—

332. Andover—customs and immigration buildings, $40,000.

Edmundston public building—alterations (revote $15,000), $21,000.

Fredericton—public building—site and preliminary work towards construction of building (revote $60,000), $73,500.

Saint John post office—addition, alterations and improvements (revote $18,000), $50,000.

Sussex public building—addition and fittings (revote), $32,000.

West Saint John—terminal building for customs and immigration (revote $50,000), $250,000.

Prince Edward Island—

333. Charlottetown—public building (revote $50,000), $100,000.

Maritime provinces generally—

334. Dominion public buildings—improvements and repairs and to authorize commitments against future years in the amount of $100,000, $235,000.

Quebec—

335. Armstrong—customs and immigration building (revote $25,000), $80,000.

Buckingham public building—alterations and improvements (revote), $15,000.

Coaticook public building—addition, alterations and improvements (revote), $23,000.

Dominion public buildings—addition, alterations and to authorize commitments against future years in the amount of $100,000, $600,000.

Drummondville—public building site (revote), $25,000.

Joliette public building—addition (revote), $25,000.

Lacolle (Blackpool)—building for customs (revote $100,000), $200,000.

Lac Megantic public building—addition, alterations and improvements (revote $7,000), $12,000.

Levis public building—addition, alterations and improvements (revote $18,000), $60,000.

Magog public building—alterations and improvements (revote), $10,000.

Montreal—building for British and foreign mail (revote), $300,000.

Montreal—Hochelaga postal station—addition and improvements (revote), $25,000.

Montreal—office building (revote), $300,000.

Montreal—postal station "B" (revote $175,000), $400,000.

Montreal—postal terminal—addition (revote), $250,000.

Montreal—postal terminal—parcel storage system (revote $25,000), $75,000.

Montreal—St. Henri postal station—site (revote), $25,000.

Noranda—public building (revote $57,000), $70,000.

Quebec—marine stores building—elevator (revote), $16,000.

Quebec—old post office building—improvements (revote $4,000), $7,000.

Rock Island customs and immigration building—addition to site (revote $44,000), $60,000.

St. Hyacinthe public building—addition and improvements (revote $7,000), $11,000.

Sherbrooke—public building (revote $75,000), $200,000.

Three Rivers public building—addition (revote), $60,000.

Val d'Or—site for public building, $12,000.

Ontario—

336. Belleville—public building (revote), $52,000.

Bracebridge public building—alterations and improvements (revote), $15,000.

Brantford public building—elevator, $15,000.

Dominion public buildings—improvements and repairs and to authorize commitments against future years in the amount of $100,000, $600,000.

Hamilton—office building (revote), $100,000.

Kenora public building—addition, alterations and improvements (revote $20,000), $41,000.

Kingston public building—alterations and improvements, $50,000.

Ottawa—addition to physical metallurgy laboratory, $50,000.

Ottawa—addition to mines and resources site on Carling avenue, $35,000.

Ottawa—building for department of Veterans Affairs (revote), $100,000.

Ottawa—Central Experimental Farm—accommodation for staff, $10,000.

Ottawa—Central heating plant—repairs and replacements, $75,000.

Ottawa—Connaught building—alterations and repairs, $28,000.

Ottawa—departmental office building (revote), $100,000.

Ottawa—Dominion Observatory — alterations and repairs, $30,000.

Ottawa—fuel research laboratory—alterations and improvements, $50,000.

Ottawa—National Research building—improvements and repairs (revote $35,000), $112,000.

Ottawa—new Supreme Court building—renovation, completion and furnishing (revote), $300,000.

Ottawa parliament buildings and grounds—improvements, $55,000.

Ottawa—Rideau Hall—repairs and alterations, $20,000.

Ottawa—Royal Canadian Mint—renewal of elevator and alterations to building (revote $5,000), $13,000.

Ottawa—testing laboratory for Department of Public Works (revote), $50,000.

Ottawa—west block—improvements, $18,000.

Pelee Island—building for Department of National Revenue, $6,500.

336. Port Arthur public building—improvements (revote $6,000), $31,000.

Port Arthur public building purchase of site (revote), $50,000.

Sault Ste. Marie—public building, $250,000.

Sudbury—public building site (revote), $165,000.

Toronto—city delivery building—extension, restoration, mechanical equipment and addition to site, $900,000.

Toronto—postal station on St. Clair avenue (revote $75,000), $125,000.

Waterloo public building—addition, alterations and improvements (revote $18,000), $43,000.

Welland public building—addition, fittings and improvements (revote $50,000), $75,000.

Manitoba—

337. Brandon public building—improvements to heating, $12,000.

Dominion public buildings—improvements and repairs and to authorize commitments against future years in the amount of $50,000. $150,000.

St. Boniface public building—addition and alterations (revote $8,000), $24,000.

St. Vital public building—addition and alterations (revote $15,000), $24,500.

Winnipeg—postal accommodation at Canadian National Railway station (revote $25,000), $75,000.

Winnipeg—Postal station "A"—improvements (revote), $7,500.

Winnipeg—Postal station "F"—addition and alterations (revote $13,000), $20,000.

Winnipeg—public building site (revote), $300,000.

Saskatchewan—

338. Dominion public buildings—improvements and repairs and to authorize commitments against future years in amount of $50,000, $150,000.

Nipawin public building—addition and alterations (revote $15,000), $30,000.

North Portal—site for building for customs and immigration (revote), $40,000.

Prince Albert public building—addition and alterations (revote $65,000), $120,000.

Regina—accommodation for Department of Trade and Commerce (revote $25,000), $39,000.

Alberta—

339. Calgary public building—improvements and repairs (revote $22,500), $37,500.

Calgary—accommodation for Department of Trade and Commerce (revote $21,000), $31,000.

Coutts—buildings for customs and immigration (revote) $140,000.

Dominion public buildings—improvements and repairs and to authorize commitments against future years in the amount of $50,000, $105,000.

Edmonton—addition and alterations to South Edmonton postal station (revote $30,000), $45,000.

Edmonton—postal terminal (revote $112,000), $300,000.

Edmonton—public building (revote), $100,000.

Peace River public buildings—local improvements (revote $7,200), $8,500.

British Columbia—

340. Abbotsford—site for public building (revote), $10,000.

Chilliwack public building—addition (revote $40,000), $72,000.

Dominion public buildings—improvements and repairs and to authorize commitments against future years in the amount of $50,000, $250,000.

Douglas—buildings for customs and immigration (revote), $120,000.

Duncan public building—alterations and improvements (revote $4,000), $20,000.

Kelowna public building—addition and alterations (revote $30,000), $47,000.

Ladner—site for public building (revote), $5,000.

Langley Prairie—site for public building (revote), $5,000.

North Vancouver—postal station (revote), $50,000.

Osoyoos—customs and immigration buildings, $40,000.

Vancouver examining warehouse—installation of elevator (revote $10,000), $48,000.

Vancouver—post office building site (revote), $250,000.

Vancouver public building—improvements and repairs (revote), $5,000.

Vancouver—site for building for customs (revote), $100,000.

Victoria Astrophysical Observatory—repairs, alterations and improvements (revote $23,000), $30,000.

Victoria—public building (revote), $200,000.

White Rock—site for public building (revote), $5,000.

William Head Quarantine Station—alterations, improvements and repairs (revote $4,500), $20,000.

Generally—

341. Dominion immigration buildings—repairs, improvements, etc., $45,000.

342. Dominion quarantine stations—maintenance and repairs, $50,000.

343. Experimental farms and science laboratories—replacements, repairs and improvements to buildings, $250,000.

344. Building for National Film Board (revote), $25,000.

345. National capital planning service, $135,000.

346. National Printing Bureau (revote), $200,000.

347. Public buildings generally—repairs, alterations, fittings and improvements and to authorize commitments against future years in the amount of $200,000, $500,000.

348. Veterans' hospitals—repairs, improvements and alterations, $175,000.

349. Canada House, London, England—improvements and repairs, $40,000.

350. London, England—clerk's table for the new British House of Commons (revote), $7,500.

Engineering branch—

351. Branch administration, $296,009.

352. Engineering, including salaries of engineers, clerks, etc., $1,164,243.

Dredging—

353. General superintendence, $14,144.

354. Maritime provinces, $1,252,600.

355. Ontario and Quebec, $1,415,000.

356. Manitoba, Saskatchewan, Alberta and Northwest territories, $358,500.

357. British Columbia and Yukon, $569,000.

Maintenance and operation of graving docks, locks and dams, etc.—

358. Champlain graving dock, $447,085.

359. Esquimalt graving dock, $124,276.

360. Esquimalt old dry dock, $9,000.

361. Lorne graving dock, $273,122.

362. Selkirk—repair slip, $12,300.

363. Locks and dams, $346,202.

364. Snagboats, $92,906.

Maintenance and operation of roads and bridges—

365. Burlington channel bridge, $49,930.

366. Contribution to the provincial government of Nova Scotia for replacement of bridge at Grand Etang, Nova Scotia, $32,000.

367. Kingston, LaSalle causeway, $128,498.

368. New Westminster bridge, $45,895.

369. Towards international bridge over St. Croix River between St. Stephen, New Brunswick and Calais, Maine, the State of Maine to pay a like amount, $10,000.

370. Generally, $91,112.

Construction, repairs and improvements—harbours and rivers—

Nova Scotia—

371. Anderson's cove—breakwater repairs, $34,000.

Baddeck—wharf reconstruction, $50,000

Ballantyne's Cove—breakwater repairs (revote), $30,000.

371. Bay St. Lawrence—towards harbour repairs and improvements (revote), $100,000.

Breen's Pond—breakwater replacement (revote), $118,500.

Cape John—breakwater (revote $77,000), $90,000.

Capstick—breakwater reconstruction, $60,000.

Chester Ironbound—breakwater extension, $26,000.

Cheticamp Beach—quay wall, $15,000.

Cheticamp Point—breakwater, $15,000.

Cow Bay (Port Morien)—breakwater reconstruction and dredging (revote $150,500), $360,000.

Creignish — breakwater-wharf reconstruction (revote $24,400), $28,500.

Digby—repairs to piers, $85,000.

Dingwall—dredging, $110,000.

Drum Head—wharf replacement (revote $130,000), $163,000.

Eastern Passage—dredging (revote $1,000), $65,000.

Fall's Point (Woods Harbour)—wharf extension, $118,000.

Feltzen South—breakwater—wharf replacement (revote $97,000), $123,000.

Ferry Landings at Tiverton, East Ferry, Freeport and Westport (revote), $300,000.

Graff Beach—beach protection, $6,000.

Harbours and rivers generally—for maintenance of services, no new work to be undertaken, $755,000.

Ingonish Ferry—wharf repairs and improvements (revote), $35,500.

Inverness—maintenance of harbour entrance (revote $24,000), $30,000.

Liverpool—wharf, $35,000.

Liverpool—redredging (revote), $70,000.

Livingstone Cove—wharf reconstruction, $60,000.

Lunenburg (Battery Point)—Towards breakwater reconstruction, $23,000.

McCreadyville—replacing harbour facilities (revote $25,000), $99,000.

McDonald's Cove—breakwater (revote $38,000), $48,000.

Mauger's Beach—replacing protection of Halifax harbour (revote $25,000), $65,000.

Meteghan—breakwater replacement (revote), $69,000.

Mill Cove—breakwater extension, $67,000.

Neil's Harbour—breakwater repairs, $135,000.

Newellton—wharf repairs (revote), $21,000.

New Glasgow—wharf repairs (revote $70,500), $80,000.

New Harbour—breakwater reconstruction (revote $46,000), $55,000.

North Sydney—breakwater repairs, $34,000.

North West Cove—(Scatari Island)—breakwater reconstruction, $70,000.

North West Cove (Tancook)—breakwater extension, $25,000.

Parker's Cove—harbour repairs and improvements (revote), $124,000.

Petite Riviere—breakwater repairs, $27,000.

Pictou—towards restoration of harbour facilities (revote $10,000), $136,000.

Pictou Island—breakwater-wharf replacement (revote), $111,000.

Port Felix—wharf replacement, $20,000.

Port Hawkesbury—wharf repairs (revote $144,000), $149,000.

Port Maitland—breakwater reconstruction (revote), $95,500.

Pugwash—wharf repairs (revote $136,100), $139,500.

Sandford—breakwater extension (revote $118,000), $123,000.

Seal Harbour—dredging (revote), $78,000.

Seaside (Harbour View)—breakwater replacement, $25,000.

Shad Bay—wharf replacement, $11,000.

Short Beach—breakwater repairs (revote), $112,000.

Three Fathom Harbour—causeway (revote), $10,000.

Trout Cove (Centreville)—breakwater reconstruction (revote), $54,000.

371. Westport—wharf repairs, $35,000.

Prince Edward Island—

372. Canoe Cove—breakwater repairs, $22,000.

Charlottetown—towards wharf reconstruction and improvements, $250,000.

Harbours and rivers generally—for maintenance of services, no new works to be undertaken, and to authorize commitments against future years in the amount of $35,000, $90,000.

Launching Pond—boat harbour (revote $50,000), $74,000.

Little Sands—wharf reconstruction, $70,000.

Montague—wharf reconstruction (revote), $26,000.

North Lake—reconstruction of breakwaters, $73,000.

Red Head—harbour improvements, $7,000.

Souris—breakwater repairs, $50,000.

Summerside—railway wharf—repairs to wharf and reconstruction of shed (revote $7,000), $90,000.

Summerside—to take over and reconstruct Holman's wharf, $35,000.

Tignish—repairs to breakwaters (revote $63,400), $90,000.

Wood Islands—wharf improvements (revote $67,000), $192,000.

New Brunswick—

373. Baie Ste. Anne—wharf (revote), $96,000.

Bathurst—wharf repairs, $60,000.

Bay du Vin River—wharf extension (revote $2,000), $3,000.

Caissie's Cape—breakwater reconstruction and dredging (revote), $94,000.

Campbellton—dredging, $100,000.

Caraquet (Young Wharf)—dredging (revote), $23,000.

Harbours and rivers generally—for maintenance of services, no new works to be undertaken, and to authorize commitments against future years in the amount of $65,000, $160,000.

Leonardville—wharf reconstruction (revote), $90,000.

Little Cape—breakwater replacement (revote), $150,000.

Petit Rocher—breakwater repairs, $160,000.

Point Sapin—breakwater repairs (revote), $10,000.

Richibucto Cape—repairs and improvements to harbour works (revote $1,200), $5,500.

St. Olivier—wharf reconstruction (revote), $25,000.

Seal Cove—repairs to breakwaters (revote $19,000), $23,000.

Shippigan—Savoy Landing—towards wharfage facilities, subject to an agreement to be entered into with the provincial government as to division of costs (revote $100,000), $120,000.

Stonehaven—breakwater repairs, $36,000.

Welchpool—wharf replacement (revote $150,000), $203,000.

Quebec—

374. Baie de la Trinité—dredging, $142,000.

Baie Comeau—towards wharf improvements (revote $150,000), $500,000.

Barachois de Malbaie (Bridgeville)—Jetty reconstruction (revote $130,000), $150,000.

Beauharnois—wharf reconstruction (revote), $11,000.

Cap Chat—towards wharf extension (revote $100,000), $400,000.

Chandler—towards wharf extension, subject to contribution by the Gaspesia Sulphite Company (revote $80,000), $350,000.

Entry Island, Magdalen Islands—wharf (revote $22,500), $37,000.

Fame Point (Point à la Renommée)—slipway (revote), $3,300.

Gascons Ouest (L'Anse à la Barbe)—reconstruction of jetties—(revote $55,000), $62,000.

Grand Entree—breakwater and slip, $52,900.

Grande Rivière—wharf reconstruction (revote), $145,000.

Grande Rivière—dredging entrance channel $135,000.

Harbours and rivers generally—for mainten ance of services, no new works to be undertaken, and to authorize commitments against future years in the amount of $125,000, $425,000.

Isle aux Coudres—improvements to wharves (revote $164,400), $214,000.

Isle aux Grues—wharf replacement (revote $80,000), $103,000.

Kamouraska—wharf reconstruction (revote $15,000), $18,000.

L'Anse à Brillant—harbour improvements, $16,000.

L'Anse St. Jean—wharf repairs (revote $138,000), $162,500.

Les Eboulements—breakwater, $18,100.

Les Escoumains—wharf repairs, $21,800.

L'Islet—wharf repairs, $28,400.

Lotbinière—harbour improvements, $14,500.

Marsouins—wharf extension (revote), $60,000.

Matane—towards wharf reconstruction, $100,000.

Mont Louis—shed on wharf, $12,000.

Montmagny—wharf reconstruction, $78,500.

Papineauville (Pentecost Bay)—improvements, $42,400.

Paspebiac—wharf extension and improvements (revote $130,000), $186,500.

Petite Rivière Est—harbour improvements (revote $38,000), $50,000.

Pointe Basse, Magdalen Islands—breakwater-wharf replacement (revote), $68,000.

Quebec—completion of the reconstruction of the intercepting sewer—to implement the agreement entered into in 1939 (revote), $215,000.

Rimouski—wharf reconstruction and extension (revote $200,000), $405,000.

Riviere au Tonnerre—dredging, $58,000.

Riviere du Loup—wharf reconstruction (revote $125,000), $400,000.

Riviere Pentecote—redredging, $110,000.

Riviere St. Paul—wharf (revote $79,300), $140,000.

Riviere Whalen (Cap des Rosiers)—fishing harbour (revote $100,000), $300,000.

Ruisseau Chapados—harbour improvements, $55,000.

Ruisseau LeBlanc—breakwater reconstruction (revote), $147,000.

Ste. Anne des Monts—towards wharf reconstruction and extension (revote $318,100), $500,000.

St. Charles—wharf reconstruction (revote $24,800), $41,000

St. Ignace de Loyola—reconstruction of pier, $55,000.

St. Juste du Lac—wharf improvements (revote), $5,000.

St. Omer—wharf repairs (revote), $45,000.

St. Simeon—wharf reconstruction (revote), $95,000.

Sorel—harbour repairs, $26,200.

Trois Pistoles—wharf extension and dredging (revote $76,000), $100,000.

Vercheres—retaining wall, $30,000.

Ontario—

375. Belle River—reconstruction of training wall, $34,000.

Bracebridge—redredging, the provincial government to bear a like amount (revote), $42,000.

Britt—wharf (revote $9,500), $13,500.

Brockville—breakwater reconstruction, $138,000.

Bronte—reconstruction of piers (revote $37,000), $212,000.

Byng Inlet—wharf (revote $9,600), $13,500.

Cockburn Island—reconstruction of harbour works (revote $22,500), $56,000.

Collingwood—harbour reconstruction and improvements (revote $63,000), $75,000.

Fort William—dredging (revote $31,000), $85,000.

Gananoque—wharf extension, $8,600.

Hamilton—towards harbour improvements (revote), $300,000.

Harbours and rivers generally—for maintenance of services, no new works to be undertaken, and to authorize commitments against future years in the amount of $75,000, $275,000.

Kenora—repairs to wharves (revote $42,000), $58,000.

Kincardine—repairs to piers, $30,000.

Kingsville—harbour repairs and improvements (revote $111,000), $140,000.

Little Current—site for wharf (revote), $25,000.

Macdiarmid—breakwater repairs, $15,000.

Meaford—revetment wall (revote), $7,000.

Midland to Parry Sound—towards dredging inside channel (revote), $200,000.

Morson—wharf replacement (revote $7,400), $10,500.

North Bay—wharf improvements, $10,000.

Ottawa (Rideau river)—repairs to walls and tailrace (revote $41,000), $64,000.

Pelee Island—wharf improvements (revote), $28,000.

Penetanguishene—harbour improvements (revote $24,000), $87,000.

Port Arthur—dredging (revote $231,000), $340,000.

Port Arthur—breakwater (revote $210,000), $300,000.

Port Bruce—reconstruction of pier (revote $28,000), $38,000.

Port Burwell—reconstruction of pier, $110,000.

Port Colborne—breakwater repairs (revote $25,000), $34,000.

Port Dover—checkwater repairs and extension, $8,000.

Port Elgin—breakwater repairs (revote $71,200), $78,000.

Port Hope—harbour repairs (revote $121,000), $200,000.

Port Rowan—harbour repairs and improvements (revote $29,000), $33,000.

Redwood Road—wharf (revote), $4,500.

Salmon Point—breakwater extension (revote $13,000), $17,100.

Sand Point—wharf repairs, $39,000.

South Baymouth—harbour improvements (revote $45,000), $100,000.

Sturgeon Falls—wharf extension (revote), $8,400.

Tobermory—wharf and dredging (revote), $45,000.

Toronto—harbour maintenance (revote), $45,000.

Wallaceburg—extension to wharf and warehouse, $31,500.

Whitby—repairs to harbour works, $230,000.

Manitoba—

376. Assiniboine river—dyking and cut off (revote $40,000), $61,000.

Gimli—wharf reconstruction (revote), $35,000.

Harbours and rivers generally—for maintenance of services, no new works to be undertaken, $50,000.

Hnausa—wharf reconstruction (revote $100,000), $115,000.

Matlock—breakwater reconstruction (revote $6,000), $44,000.

Mill Creek—reconstruction of dam (revote), $1,500.

St. Andrews—river breakwater (revote $4,000), $41,000

St. Andrews lock and dam—improvements to bridge (revote), $35,000.

The Pas—wharf reconstruction, $55,000.

Victoria Beach—wharf repairs (revote), $60,000.

Winnipegosis—wharf reconstruction (revote $4,000), $6,000.

Winnipegosis—wharf and haulout slip, $24,000.

Saskatchewan, Alberta and Northwest Territories—

377. Bell Rock (Fort Smith) Northwest Territories—wharf, $200,000.

Cold Lake, Alberta—harbour improvements (revote $6,000), $23,000.

Fort Fitzgerald, Alberta—wharf repairs and extension, $95,000.

Fort Franklin, Northwest Territories—wharf repairs and extension, $22,000.

Harbours and rivers generally—for maintenance of services, no new works to be undertaken, $25,000.

Waskesiu Lake, Saskatchewan—harbour improvements (revote), $65,000.

Waterways, Alberta—reconstruction of wing dams, $23,000.

Yellowknife, Northwest Territories—wharf revote), $23,000.

British Columbia and Yukon—

378. Bella Coola—wharf replacement (revote) $146,000.

Campbell River—fishing harbour (revote), $100,000.

Campbell river—wharf repairs and extension (revote $33,000), $132,000.

Chemainus—harbour improvements, $10,000.

Columbia river—protection work, $37,000.

Ford's Cove (Hornby Island)—breakwater and float (revote), $14,000.

Fraser river—towards improvements (revote $175,000), $300,000.

Fraser River—reconstruction of north arm jetty, $40,000.

Fraser river and Vancouver harbour—dredging (revote), $400,000.

Harbours and rivers generally—for maintenance of services, no new works to be undertaken, and to authorize commitments against future years in the amount of $75,000, $425,000.

Keat's island—pierhead replacement, $12,000.

Nanaimo—wharf repairs and improvements (revote $8,000), $24,000.

New Westminster—wharf reconstruction and extension (revote $18,000), $125,000.

Port Alberni—harbour improvements (revote $40,000), $450,000.

Port Clements—wharf repairs, $38,000.

Prince Rupert—roadway and renewal of fishermen's floats (revote $30,000), $72,000.

Ruskin—wharf replacement, $8,000.

Sandspit—wharf renewal, $75,000.

Sechelt—wharf repairs and improvements (revote $23,000), $56,000.

Sointula—harbour improvements (revote $45,000), $50,000.

Stewart—wharf repairs (revote $43,500), $65,000.

Vananda—wharf replacement, $65,000.

Victoria—dredging (revote), $122,000.

Westview—replacing fishing harbourage (revote), $133,000.

White Rock—wharf repairs (revote), $44,000.

Generally—

379. Protection works generally—to provide for remedial works where damages are caused by, or endanger, navigation or federal government structures, $250,000.

Telegraph branch—

380. Branch administration, $46,375.

381. Telephone service at Ottawa, $415,000.

382. Telephone service other than at Ottawa, $10,400.

Telegraph and telephone services, operation and maintenance—

383. Lower St. Lawrence and maritime provinces, $135,000.

384. Alberta and Saskatchewan, $149,554.

385. Division superintendent's office—Vancouver, $42,100.

386. British Columbia and Yukon, $730,000.

387. Telegraph and telephone services generally, $5,000.

Telegraph and telephone services, construction and improvements—

388. Cable for Bay of Fundy district (revote), $28,000.

389. For the purchase of the portion of the Pacific communication system taken over by the dominion government (revote), $75,000.

390. Purchase and installation of submarine cable to connect Shippigan and Miscou Islands with the mainland (revote), $11,000.

391. Extension of telephone lines in Matapedia —Matane county, P.Q., $4,500.

General—

392. National Gallery of Canada, $148,658.

393. Miscellaneous works not otherwise provided for, not more than $5,000 to be expended upon any one work, $200,000.

394. To supplement on approval of treasury board except where less than $500 is required, any of the appropriations of the Department of Public Works, $200,000.

395. To provide for balances required to complete any projects undertaken in previous fiscal years and for which no specific provision is made in the fiscal year 1948-49, $25,000.

816. Departmental administration — further amount required, $10,440.

Architectural branch—

817. Ottawa—maintenance and operation of dominion public buildings and grounds, including rents, repairs, furniture, heating, etc.—further amount required. $1,300,000.

818. Maintenance and operation of dominion public buildings and grounds, other than at Ottawa, including rents, repairs, furniture, heating, etc.—further amount required, $1,730,000.

Construction, repairs and improvements of public buildings—Nova Scotia—

819. Annapolis Royal public building—repairs and improvements—further amount required, $6,000.

Dartmouth public building—addition and alterations, $20,000.

Dominion—public building, $25,000.

Glace Bay public building—improvements and repairs (revote $3,600), $6,000.

Halifax—accommodation for customs, $100,000.

Halifax—Eastern air command buildings—alterations, improvements and repairs, $110,000.

Halifax customs building—improvements and elevator—further amount required, $11,000.

Halifax postal station at north end—further amount required, $16,000.

Hantsport public building—addition and alterations, $14,000.

Kentville public building—addition and alterations, $10,000.

Kingston—public building, $25,000.

Truro public building—improvements and repairs (revote $6,100), $13,000.

New Brunswick—

820. Moncton public building—addition and alterations, $50,000.

North Head public building—addition and alterations, $25,000.

Sackville public building—addition and alterations, $15,000.

820. Saint John post office—addition, alterations and improvements—further amount required, $75,000.

St. Leonard—customs and immigration buildings, $50,000.

St. Stephen—site for public building, $20,000.

West Saint John—terminal building for customs and immigration—further amount required, $500,000.

Prince Edward Island—

821. Summerside—public building, $50,000.

Maritime provinces generally—

822. Dominion public buildings—improvements and repairs—further amount required, $300,000.

Quebec—

823. Armstrong—customs and immigration building—further amount required, $25,000.

Baie Comeau—public building, $90,000.

Chandler—public building, $25,000.

Cowansville—public building, $50,000.

Dominion public buildings—improvements and repairs—further amount required, $300,000.

Donnaconna—public building, $35,000.

Drummondville—public building, $121,000.

Granby public building—addition, alterations and improvements, $15,000.

Joliette public building—addition—further amount required, $25,000.

Lacolle (Blackpool)—building for customs—further amount required, $210,000.

Maniwaki public building—addition and alterations, $25,000.

Magog public building—alterations and improvements—further amount required, $18,000.

Masson—public building, $35,000.

Matane public building—addition, alterations and improvements, $50,000.

Mont Joli—public building, $50,000.

Montmagny—public building, $50,000.

Montreal—Hochelaga postal station—addition and improvements—further amount required, $45,000.

Montreal—Longueuil postal station—addition and alterations, $50,000.

Montreal—Notre Dame de Grace postal station—addition and alterations, $56,000.

Montreal—old examining warehouse—addition, alterations and improvements (revote), $25,000.

Montreal postal terminal—parcel storage system—further amount required, $20,000.

Montreal—purchase of, and alterations to, building for Department of National Revenue, $360,000.

Quebec—old post office building—elevators (revote $73,000), $75,000.

Rimouski—public building, $60,000.

St. Felicien—site for public building, $5,000.

St. Georges de Beauce—addition to public building site, $15,000.

St. Henri de Levis—public building, $25,000.

Ste. Therese de Blainville public building—addition and alterations, $25,000.

Sherbrooke—public building—further amount required, $150,000.

Thetford Mines and public building—addition, alterations and repairs (revote $30,000), $100,000.

Val d'Or—public building, $100,000.

Ontario—

824. Barrie—public building—(revote $20,000), $80,000.

Chapleau—public building, $25,000.

Chatham—public building, $50,000.

Cornwall—public building, $50,000.

Delhi—public building, $25,000.

Dominion public buildings—improvements and repairs—further amount required, $300,000.

Dundas public building—adidtion and alterations, $20,000.

Fergus public building—addition and alterations, $29,000.

Fort Erie—customs building—addition and alterations, $50,000.

Geraldton—public building, $24,500.

Kenora public building—addition, alterations and improvements—further amount required, $54,000.

Little Current—public building, $50,000.

Ottawa—addition to mines and resources site on Carling avenue—further amount required, $10,000.

Ottawa—central heating plant—repairs and replacements—further amount required, $45,000.

824. Ottawa—departmental office building—further amount required, $350,000.

Ottawa—East Block—improvements, $165,000.

Ottawa—improvements to heating in Woods and Canadian buildings, $70,000.

Ottawa—National Research Building—improvements and repairs—further amount required, $55,000.

Ottawa — Parliament Buildings — improvements—further amount required, $23,000.

Pembroke—public building, $25,000.

Peterborough—public building, $50,000.

Picton—public building—addition and alterations, $25,000.

Port Colborne public building—addition and alterations, $26,000.

Sault Ste. Marie public building—further amount required, $150,000.

Tecumseh—public building, $31,000.

Toronto city delivery building—extension, restoration, mechanical equipment and addition to site—further amount required, $76,000.

Toronto—postal station "E", $30,000.

Waterloo public building—addition, alterations and improvements—further amount required, $8,000.

Manitoba—

825. Brandon public building—addition and alterations, $30,000.

Dominion public buildings—improvements and repairs—further amount required, $100,000.

Flin Flon—public building, $100,000.

Grandview—public building, $49,000.

Pine Falls—public building, $35,000.

Winnipeg immigration building—repairs and improvements, $25,000.

Winnipeg postal station "A"—improvements—further amount required, $12,500.

Saskatchewan—

826. Dominion public buildings—improvements and repairs—further amount required, $100,000.

Ituna—public building, $25,000.

Nipawin public building—addition and alterations—further amount required, $15,000.

North Portal—site for building for customs and immigration—further amount required, $25,000.

Regina public building—improvements and repairs, $30,000.

Rosetown—public building, $25,000.

St. Walburg—public building, $20,000.

Alberta—

827. Calgary—accommodation for Department of Trade and Commerce—further amount required, $10,000.

Chief Mountain—customs and immigration building, $75,000.

Dominion public buildings—improvements and repairs—further amount required, $100,000.

Leduc—public building, $25,000.

Macleod—public building, $25,000.

Red Deer—public building, $50,000.

British Columbia—

828. Chilliwack public building—addition and alterations—further amount required, $30,000.

Dominion public buildings—improvements and repairs—further amount required, $150,000.

Duncan public building—alterations and improvements—further amount required, $6,000.

Haney—public building, $47,000.

Kingsgate—customs and immigration building, $100,000.

Ladner—site for public building—further amount required, $5,000.

Langley Prairie—public building, $75,000.

Ocean Falls—public building, $40,000.

Smithers—public building, $25,000.

Vancouver immigration building—alterations and improvements, $35,000.

Vancouver—Alvin estates building—purchase, alterations and extension, $800,000.

Vancouver—Begg building—purchase, alterations and extension, $1,060,000.

Vancouver—site for building for customs—further amount required, $130,000.

Victoria astrophysical observatory—repairs, alterations and improvements—further amount required, $5,000.

Whiterock—public building, $20,000.

Generally—

829. National printing bureau — further amount required, $400,000.

830. Dominion immigration buildings—repairs, improvements, etc.—further amount required, $80,000.

831. Experimental farms and science laboratories—replacements, repairs and improvements to buildings—further amount required, $100,000.

832. Accommodation for the taxation division of the Department of National Revenue, $2,000,000.

833. Public buildings generally—repairs, alterations, fittings and improvements—further amount required, $500,000.

Engineering Branch—

834. Branch administration—further amount required, $2,500.

835. Engineering, including salaries of engineers, clerks, etc.—further amount required, $80,000.

Dredging—

836. Ontario and Quebec—further amount required, $330,000.

837. British Columbia and Yukon—further amount required, $118,100.

838. Locks and dams—further amount required, $30,000.

Maintenance and Operation of Graving Docks, Locks and Dams, etc.—

839. Snagboats—further amount required, $5,240.

Nova Scotia—

840. Ballantyne's Cove—breakwater repairs—further amount required, $16,000.

Battery Point—breakwater extension, $20,000.

Canso—wharf reconstruction (revote $14,000), $20,500.

Dover—wharf extension, $27,000.

East Ferry—breakwater replacement, $60,000.

Grand Etang—pier extension, $16,000.

Little Anse—breakwater replacement (revote $148,000), $210,000.

North West Cove (Tancook)—breakwater extension—further amount required, $10,000.

Pictou—towards restoration of harbour facilities—further amount required, $106,000.

Pugwash—towards wharf repairs and dredging—further amount required, $50,000.

Seal Harbour—dredging—further amount required, $65,000.

Wadden Cove—breakwater replacement, $13,500.

West Dublin—towards dredging, $20,000.

Yarmouth Bar—towards breakwater reconstruction, $100,000.

Prince Edward Island—

841. Annandale—boat basin, $12,000.

Fishing Cove (Cape Egmont)—wharf and breakwater, $47,000.

Montague — wharf reconstruction — further amount required, $8,300.

New Brunswick—

842. Barachois — wharf improvements and dredging, $25,000.

Blue Cove—towards breakwater repairs, $40,000.

Botsford—towards breakwater extension, $50,000.

Buctouche—towards dredging, $75,000.

Burnt Church—towards wharf repairs, $25,000.

Caraquet—towards harbour improvements, $100,000.

Chockfish—wharf, $13,000.

Cocagne Bar (Cormierville)—towards breakwater-wharf, $25,000.

Escuminac—breakwater repairs, $30,000.

Escuminac—boat haul-up, $20,000.

Little Shippigan—wharf extension, $70,000.

Mace's Bay—towards breakwater, $100,000.
Malloch's beach — breakwater extension, $65,000.
Neguac Church—towards wharf extension, $50,000.
St. Andrews—towards wharf improvements, $100,000.
Seal cove—towards breakwater, $100,000.
Shippigan—Savoy Landing—towards wharfage facilities, subject to an agreement to be entered into with the provincial government as to division of costs—further amount required, $85,000.
Tracadie—wharf, $21,000.

Quebec—

843. Bagotville—wharf reconstruction (revote), $60,000.
Baie de la Trinite—dredging—further amount required, $28,000.
Baie des Sables—towards wharf extension, $50,000.
Barachois de Malabaie (Bridgeville)—jetty reconstruction — further amount required, $40,000.
Blanc Sablon—towards wharf, $125,000.
Cap Sante—wharf reconstruction, $30,000.
Cloridorme—towards wharf, $50,000.
Cross Point—jetty extension, $21,500.
Grande Riviere—dredging entrance channel—further amount required, $60,000.
Grande Vallee—towards deepwater wharf, $50,000.
Lake Checobi—wharf, $6,500.
Lac Tremblant—wharf, $30,000.
La Tabatiere—wharf extension, $43,000.
Levis—reconstruction of wharf, $200,000.
Montmorency—wharf enlargement, $12,000.
Natashquan—wharf reconstruction and improvements, $173,000.
Notre-Dame du Portage—towards wharf reconstruction, $50,000.
Pointe Basse, M.I.—breakwater-wharf replacement—further amount required, $45,000.
Port Daniel—towards fishing harbour, $50,000.
Quebec, inner Louise basin—wharf repairs, $30,000.
Richelieu River—dredging, $207,000.
Riviere au Tonnerre — dredging — further amount required, $30,000.
Riviere Colombier (Anse Noire)—wharf enlargement, $30,000.
Riviere Ouelle (Pointe aux Orignaux)—towards wharf reconstruction, $100,000.
Riviere Pentecote — redredging — further amount required, $20,000.
Riviere St. Paul—shed, $19,000.
Ste. Anne des Monts—towards wharf reconstruction and extension—further amount required, $600,000.
St. Francois du Lac—wharf repairs, $32,000.
St. Jean, I.O.—towards wharf reconstruction, $25,000.
St. Joseph d'Alma—wharf reconstruction, $18,400.
St. Michel de Bellechasse—wharf repairs, $52,000.
Sorel—harbour improvements, $355,000.

Ontario—

844. Belleville — harbour improvements, $7,000.
Britt — wharf — further amount required, $2,600.
Christian Island—wharf extension, $16,000.
Collingwood—harbour reconstruction and improvements—further amount required, $200,000.
Dryden—wharf, $38,000.
Fort William—dredging—further amount required, $95,000.
Goderich—redredging and repairs to harbour works, $228,000.
Grand River Conservation Scheme—contribution towards costs of preliminary plans, test drilling, etc., in connection with proposed dam on the Conestoga river (revote), $8,000.
Haileybury—repairs to harbour works, $24,000.
Hamilton—towards harbour improvements—further amount required, $500,000.
Honora—wharf replacement, $8,500.
Island Grove—wharf, $23,000.
Kenora—repairs to wharves—further amount required, $16,000.
Kincardine—repairs to piers—further amount required, $18,000.
Kingsville—harbour repairs and improvements—further amount required, $45,000.
Loon Lake—wharf, $8,300.
Midland to Parry Sound—towards dredging inside channel—further amount required, $40,000.
Montreal River—to complete wharfage facilities, $4,500.
Nighthawk River—contribution towards improvements, $10,000.
Nipigon—wharf extension and dredging, $65,500.
Owen Sound — harbour improvements, $105,000.
Pelee Island—towards wharf reconstruction, $50,000.
Port Arthur—breakwater—further amount required, $175,000.
Port Colborne—breakwater repairs—further amount required, $60,000.
Riviere des Mille Iles—dredging, $40,000.
Rondeau (Erieau)—repairs to piers, $85,000.
Sheguindah — dredging (revote $13,000), $20,000.
Spanish—wharf extension, $7,200.
Sturgeon Falls—wharf extension—further amount required, $4,600.
Toronto — towards harbour head wall, $500,000.
Wade's Landing—wharf and dredging, $9,000.
Wheatley (Muddy Creek)—towards fishing harbour, $50,000.

Manitoba—

845. Assiniboine river—repairs and improvements to diking, $17,000.

Saskatchewan, Alberta and Northwest Territories—

846. Alberta Beach, Alberta—wharf repairs, $24,000.
Bell Rock (Fort Smith) N.W.T.—wharf—further amount required, $33,000.
Fort Fitzgerald, Alberta—wharf repairs and extension—further amount required, $58,000.

British Columbia and Yukon—

847. Balmoral—wharf, $14,000.
Billings Bay (Nelson Island)—float, $7,000.
Campbell River—wharf replacement, $132,000.
Chemainus—harbour improvement—further amount required (revote $6,700), $8,000.
Comox—towards wharf replacement, $100,000.
Davis Bay (Wilson Creek)—breakwater and float, $17,000.
Fraser River—towards improvements—further amount required, $350,000.

Fraser River—Remedial work on Lulu and Sea islands (revote), $31,000.

Fraser River (Kirkland Island)—extension of channel protection, $13,000.

Gambier Island (Camp Georgia)—wharf, $24,000.

Harrison River—extension to shear boom, $8,000.

Nanaimo—toward dredging, $60,000.

Nanaimo—wharf repairs and improvements—further amount required, $12,000.

Okanagan Flood Control Project—dominion government's share of preliminary costs, $75,000.

Port Alberni—towards dredging, $40,000.

Port Alberni—harbour improvements—further amount required, $34,000.

Prince Rupert (Fairview Bay)—towards breakwater, $75,000.

Robert's Creek—wharf repairs and improvements—(revote $20,400), $100,000.

Squamish—towards wharf repairs and improvements, $50,000.

Tofino—harbour repairs and improvements, $20,000.

Trail—landing, $8,000.

Ucluelet West—floats, $7,500.

Victoria — dredging — further amount required, $30,000.

Yukon—

848. Lewes river—towards taking over, reconstructing and maintaining dam, $40,000.

Generally—

849. Protection works generally—to provide for remedial works where damages are caused by, or endanger navigation or federal government structures—further amount required, $100,000.

Telegraph and telephone services, operation and maintenance—

850. Lower St. Lawrence and maritime provinces—further amount required, $50,000.

851. Telegraph and telephone services generally—further amount required, $2,000.

Telegraph and telephone services, construction and improvements—

852. Alert Bay—Kelsey Bay, B.C.—improvements to telephone line, $5,000.

853. Ashcroft—150 Mile House, B.C.—improvements to telephone line, $23,000.

854. Chatham — Escuminac, N.B. — improvements to telephone line, $20,000.

855. Boularderie island—to purchase and deliver telegraph poles subject to agreement with local telephone companies to take over and undertake future maintenance of line, $8,000.

856. Quesnel, B.C.—purchase of Quesnel telephone system, $8,000.

857. Extension of telephone lines in Matapedia-Matane county, P.Q.—further amount required, $9,520.

858. Dawson Creek—Pouce Coupe, B.C.—telephone lines—improvements, $96,500.

859. Port Alberni-Bamfield, B.C.—addition to telegraph and telephone facilities, $45,000.

860. Port Renfrew-Shawinigan Lake, B.C.—telephone line, $45,700.

861. Quesnel-Baker Creek, B.C.—telephone line, $9,000.

862. Smithers, B.C.—purchase of telephone exchange, $2,500.

863. St. Cyprien-Ste. Justine, P.Q.—telephone line—repairs and improvements, $3,200.

864. National Gallery of Canada—further amount required, $32,500.

865. To provide for balances to complete any projects undertaken in previous fiscal years and for which no specific provision is made in the fiscal year 1948-49—further amount required, $25,000.

935. To provide for repair of flood damage to federal government structures and telegraph and telephone lines and for redredging of filled-in channels, $550,000.

DEPARTMENT OF FINANCE

68. Departmental administration, $997,990.

69. Bank inspection (inspector general of banks' office), $27,408.

70. Royal Canadian Mint, including the Dominion of Canada assay office, $794,431.

Superannuation and retirement benefits—

71. Superannuation and retirement acts, administration, $220,091.

72. Government's contribution to the superannuation fund, $3,730,000.

Public debt charges—servicing of public debt—

73. Commission for payment of interest on public debt, services of fiscal agents, London, registrar's fees, etc., $439,500.

Miscellaneous grants and contributions—

74. Canadian General Council of Boy Scouts, $15,000.

75. Canadian Council of the Girl Guides Association, $6,000.

76. Royal Astronomical Society of Canada, $2,000.

77. Royal Canadian Academy of Arts, $2,025.

78. Canadian Writers Foundation, $4,000.

79. Canadian Olympic Association, $17,500.

General—

80. Tariff board, including the dominion trade and industry commission—payments may be made notwithstanding anything in the Civil Service Act or regulations, $94,740.

81. To provide for the expenses of the Comptroller of the Treasury's office, $9,986,000.

82. Farmers' Creditors Arrangement Act, 1943, and Municipal Improvements Assistance Act, 1938, administration, $63,331.

83. Foreign exchange control board—administration, $268,000.

84. To grant authority for the payment hereafter, notwithstanding the provisions of the Civil Service Act or any other act or law, and subject to the approval of the governor in council in each case, of a secretarial allowance to each permanent civil servant appointed to perform the duties of principal private secretary to a minister of the crown (or other member of the government, or to the leader of the opposition), in an amount sufficient to provide, with his permanent salary, annual compensation at a rate equal to the rate approved by the governor in council for such principal private secretaries who are not permanent civil servants, $1.

85. To provide, subject to the approval of the treasury board, for salaries, reclassifications and increases, $10,000,000.

86. Unforeseen expenses, expenditures thereof to be subject to approval of the treasury board and a detailed statement to be laid before parliament within fifteen days of next session, $80,000.

932. To authorize and to provide for payment of a portion of the costs incurred on or after May 15, 1948, by the government of British Columbia, by the municipal authorities in the Fraser valley and by the departments and agencies of the government of Canada in repairing, strengthening, constructing and reconstructing dikes in the Fraser valley and removing water and debris from the flooded lands in that valley in accordance with an agreement which the government of Canada is hereby authorized to enter into with the government of British Columbia for the purpose of establishing a division of such costs on the basis of the government of Canada bearing seventy-five per cent thereof (treasury board is hereby authorized to direct that there be credited to other appropriations of the government of Canada to which any of such costs have been originally charged any amount that would otherwise have been payable by either of the said governments in accordance with such agreement); and to authorize and to provide for payment of seventy-five per cent of the total costs incurred by a board to be known as the "Fraser valley diking board" (such board to be constituted pursuant to an agreement which the government of Canada is hereby authorized to enter into with the government of British Columbia and, when so constituted, to be a body corporate and to have, subject to the joint direction of the government of Canada and the government of British Columbia, the powers, duties and responsibilities provided in such agreement) in carrying on the work of repairing, strengthening, constructing and reconstructing dikes in the Fraser valley and removing water and debris from the flooded lands in that valley, $4,500,000.

933. To authorize and to provide for payment of an emergency unconditional grant to the government of British Columbia to assist that government in meeting costs incurred in providing emergency relief to the residents of the Fraser valley and in rehabilitating the areas damaged by the floods which were declared by order in council dated June 10, 1948 (P.C. 2644) to have created a national disaster, $5,000,000.

HOUSE OF COMMONS

Wednesday, June 30, 1948

The house met at eleven o'clock.

PRIVILEGE

C.C.F. AND NEW BRUNSWICK ELECTION

Mr. A. W. STUART (Charlotte): Mr. Speaker, on a question of privilege, a statement was made in the house during the last forty-eight hours about the increased number of C.C.F. votes received in the recent New Brunswick election. I should like to correct that statement. In 1944 the votes received by the C.C.F candidates totalled 13,934, whereas the total number received by the C.C.F. in the same counties in the recent election was 11,131. I cannot see where there is an increase.

Mr. COLDWELL: Half the number of candidates.

QUESTIONS PASSED AS ORDERS FOR RETURNS

PUBLIC SERVICE—TRAVELLING EXPENSES

Mr. CHURCH:

What are the total travelling expenses of all departments of the government, outside commissions and boards in relation to federal affairs such as hotel bills and all other expenses and incidentals, connected therewith, for the last two years of record?

UNEMPLOYMENT INSURANCE—OFFICES, NEW GLASGOW, N.S.

Mr. BLACK (Cumberland):

1. What has been expended by the government for furniture, fittings and equipment during each of the fiscal years ending March 31, 1946, 1947 and 1948 for use in unemployment insurance and other government offices in New Glasgow, Nova Scotia?
2. Were tenders called for such purchases?
3. If so, who were the successful tenderers and at what prices?
4. In what offices were these materials installed?

BUSINESS OF THE HOUSE

PROCEEDINGS LEADING TO PROROGATION

On the orders of the day:

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, I should like to say a few words about the prorogation proceedings. It is always a difficult matter to wind up the business of a session. As hon. members know prorogation is in the nature of a ceremony and some careful preparation is required before matters can be finally arranged prior to prorogation. The other house has to conclude the business which may come over to it from this house, and the speech from the throne has to have its final printing. The deputy of the governor general will be acting for His Excellency in proroguing parliament, and it is desirable that due notice should be given to him as to the time to be present. These matters are all difficult to arrange unless the business of the house is concluded by a definite time.

Hon. members will recall that early in the session I mentioned that if the house did not conclude its business by June 30 it would be necessary for the government to seek to have the session adjourned until September.

Mr. GREEN: The Prime Minister did not really mean that.

Mr. MACKENZIE KING: Oh, yes; I did. What I am about to say is that I am happy that that step has not been necessary. I should like to congratulate hon. members upon the way they have expedited the business of the house so as to make possible prorogation by June 30. I think splendid progress has been made and, as I say, I am pleased that matters have reached the point where it is not necessary to consider any adjournment of the present session.

I believe it is generally the wish of all hon. members that if possible, and without sacrificing anything in the public interest, we should wind up the business of the session today.

Mr. MacNICOL: Two o'clock.

Mr. MACKENZIE KING: My hon. friend says "two o'clock." That would suit me all right, but I want to make it clear that I should not wish to press the house unduly in the matter of time. I think by mutual arrangement it should be possible to have matters so planned as to permit prorogation at a reasonable hour in the course of the day.

Mr. GREEN: What time has the Prime Minister in mind?

Mr. MACKENZIE KING: Most hon. members have left already for their homes. Tomorrow is July 1, and I know that several hon. members have obligations in their own constituencies which they assumed in the expectation that the house would be adjourned by June 30 at the latest.

There is one other circumstance I should like to mention. The staffs of both houses of parliament, of the printing bureau and officials of the government generally have had considerable pressure put upon them during the last few weeks of parliament. As hon. members know, we have been sitting, not only in the afternoons and evenings but in the mornings, and on Saturdays as well. On behalf of the house I should like to express to the staffs that have had this extra duty put upon them our appreciation of the exceptionally efficient manner in which they have discharged their duties.

The house can best express its appreciation by making it perfectly apparent to the members of the staff that when July 1, Dominion day, comes, they may expect that the beginning of their summer vacation has been entered upon.

In seeking to arrange matters with a certain definiteness, if there are some questions which are of more importance to hon. members than others, and hon. members will let this side of the house know, we shall try to arrange to bring forward those matters immediately and leave the less contentious matters, if there are any that are still contentious, to the latter part of the proceedings.

That is all I have to say at the moment. It is intended to continue immediately with the estimates of the Minister of Finance. The next item to be taken up, as I was informed last night, is the important health program which has been announced in the house.

Mr. HOWARD C. GREEN (Vancouver South): Mr. Speaker, I can assure the Prime Minister that the members of the official opposition will be only too glad to co-operate in bringing about prorogation today. We do not want to abandon our duty to give these estimates some consideration. We would be willing to sit right through without any recess for lunch. I should like to suggest one way of hastening the business of the house. For the last few days we have been working against a frog chorus, if I may use that expression without hurting anybody's feelings, from the government side of the house, sometimes led by one of the ministers, the refrain of which was "Carried, carried, carried." If the government members sitting behind the Prime Minister will allow the chairman to do the shouting of "carried," I am sure we shall get along much faster. After all, it is only human nature that opposition of this kind makes us all want to fight back a bit, and the result is delay; so, in the most kindly way, as the Minister of Labour would say, I suggest to the members on the government side that they keep still today and let us get on with the business of the house.

Mr. ABBOTT: It would be a shame to break a long-established custom of the house in that respect.

Mr. M. J. COLDWELL (Rosetown-Biggar): I think we might expedite the business of the house by leaving until one o'clock the question of the time of recess for lunch. Secondly, may I join in the expression of appreciation to the staff for the work they have done during the session.

INDUSTRIAL RELATIONS

INQUIRY AS TO DATE OF PROCLAMATION OF ACT

On the orders of the day:

Mr. ANGUS MacINNIS (Vancouver East): Mr. Speaker, I should like to put a question to the Minister of Labour. Provision is made in Bill No. 195, which provides for the investigation, conciliation and settlement of industrial disputes, that the act shall come into effect by proclamation. Can the minister state when the act will be proclaimed? It will receive royal assent today.

Hon. HUMPHREY MITCHELL (Minister of Labour): I could, I suppose, give the stock answer that that is a matter of government policy which will be announced in due course. But as a matter of fact I was discussing this very question this morning and my hon. friend can rest assured that we shall move with expedition to comply with all the necessary formalities. Of course the old board has to function until the new board is appointed, but we shall proceed as quickly as possible.

REPORTS AND PAPERS

REQUEST FOR ANNUAL REPORTS OF CERTAIN DEPARTMENTS

On the orders of the day:

Mr. HOWARD C. GREEN (Vancouver South): Mr. Speaker, several returns and reports which should have been tabled during the session have not yet been brought down. I refer particularly to the annual report of the Department of Mines and Resources. The last report tabled was for the fiscal year ended March 31, 1946. I think an arrangement should be made to table the report for the year ended March 31, 1947, before the house prorogues. Furthermore, I believe no report has been tabled from the Department of Reconstruction and Supply for over two years. I am informed that its last report was for

the year 1944-45. Could these reports be tabled, or otherwise made available to members?

Hon. J. A. MacKINNON (Minister of Mines and Resources): An inquiry was made before, during the absence I think of the hon. member for Vancouver South (Mr. Green), for the report of my department, and the explanation was given that it is in the hands of the printers. It is unfortunate that it has not been made available earlier, but every effort will be made in future years to table the report as early as possible in the session.

Mr. GREEN: Cannot some arrangements be made to distribute the report to the members after it has been printed?

Mr. MacKINNON: I shall see that the report is mailed to each member of the house.

Mr. GREEN: What about the report of the Department of Reconstruction and Supply?

Right Hon. W. L. MACKENZIE KING (Prime Minister): I regret I am not able to give my hon. friend a definite answer, but I shall speak to the Minister of Trade and Commerce about the report of the Department of Reconstruction and Supply as soon as I see him. I will meanwhile give the same undertaking, should this be found to be necessary, as has just been given by my colleague with respect to having the report sent to the members as soon as possible after prorogation.

BERLIN BLOCKADE

INQUIRY AS TO FLYING IN SUPPLIES

On the orders of the day:

Mr. JOHN T. HACKETT (Stanstead): Mr. Speaker, I should like to ask the Prime Minister whether any request has come from the government of the United Kingdom for assistance in flying in supplies to overcome the Berlin blockade?

Right Hon. W. L. MACKENZIE KING (Prime Minister): I do not think it is advisable for me to attempt to answer that question at the moment. I would have to consult with other departments of the government, and I should not like to make a statement with regard to a matter so far-reaching as to the inferences that might be drawn from any reply without first having the opportunity to consult with my colleagues.

Mr. HACKETT: Will a reply be made later in the day?

Mr. MACKENZIE KING: That will depend entirely upon what it seems most advisable to do, all the circumstances considered.

DOMINION DAY

INQUIRY AS TO USE OF DESIGNATION "INDEPENDENCE OF CANADA DAY"

On the orders of the day:

Mr. A. PHILEAS COTE (Matapedia-Matane): Mr. Speaker, I should like to direct a question to the Prime Minister of which I did not give him notice because I thought we would sit tomorrow. I would ask whether tomorrow is to be called Dominion day, or Independence of Canada day, as it has been named first in the United States press, and secondly in the Canadian press. Apparently an item was given out by the information service.

Right Hon. W. L. MACKENZIE KING (Prime Minister): I think in the circumstances it would perhaps be only proper to allow every member to call it by whatever name he prefers.

GOVERNMENT ANNUITIES

QUESTION AS TO INCREASE OF RATES

On the orders of the day:

Mr. STANLEY KNOWLES (Winnipeg North Centre): Mr. Speaker, may I direct a question to the Minister of Labour?—although perhaps it is a question for the government as a whole. In view of the fact that the government is not proceeding this session with Bill 343, an act to amend the Government Annuities Act, against which there was opposition on the floor of the house, can the government say whether consideration is being given to restoring the rates on annuities to what they were prior to April 19?

Hon. HUMPHREY MITCHELL (Minister of Labour): I anticipated this question and have a short statement to make.

The Government Annuities Act was passed by parliament in 1908. Therefore it has been on the statute books for forty years. Its purpose was to encourage habits of thrift and provide a means whereby Canadian citizens could make reasonable provision for their security in advanced years through the purchase of annuities, a purpose which carried the endorsation and support of every citizen of Canada. The act was intended to afford facilities whereby annuities could be purchased on the following financial basis: (a) that the purchaser would pay all the cost except administration; (b) that the government would pay the cost of administration. There is nothing

in the act which provides any other basis. I would like to make it doubly plain that parliament in passing the act intended that the purchaser of the annuity would pay all the cost except the cost of administration.

Now let us examine how the cost is estimated. First there is the question of how many years an annuitant will require to be paid the amount stated in the contract—in other words, how long will he live to draw the annuity?

Second there arises the rate of interest which shall be allowed on the premium payments made by the purchaser.

On the question of the interest rate, it is clear from a study of *Hansard* at the time the annuities act was introduced that it was originally intended that the interest rate should change with changing rates of interest prevailing in the bond market. In the original discussion on the bill, the Hon. W. S. Fielding, then Minister of Finance, stated:

> The rate may be changed from time to time according to monetary conditions.

If it was the intention of the drafters of the bill that any specific rate of interest would be paid, such would have been provided for in the act. However, parliament authorized the government to fix the rate of interest by regulation. It is clear that this was done to permit interest rates to be readily changed from time to time to meet changing conditions. It was never the intention that there should be any substantial public subsidy to the purchasers of government annuities other than that provided by having the government pay the administrative expenses.

When the act was passed, the government had the responsibility of fixing the rate of interest. At that time government bonds were yielding 3·89 per cent and the government, in order to fix an even figure, rounded it off to four per cent. I have explained how the interest rate was fixed and I will now attempt to cover the question of the other item entering into the cost, namely, how many years the annuity will be required to be paid depending on the expectation of life of the annuitant. In fixing the mortality table to be used, the advice of the best known actuaries in Canada was obtained and followed. Life expectancy, as will be appreciated, has lengthened since the act was passed. In fixing the rate which must be charged the purchaser, we have two factors to take into consideration, the life expectancy and the interest rate allowable. From these two factors, tables are prepared and it is on the basis of these tables that the contract rates are set. After twenty-

eight years of operation, it became evident in 1936 that there was reason to doubt the soundness of the rate tables because of increased life expectancy.

A senate committee investigated the matter and recommended a further study by Professor M. A. Mackenzie of the university of Toronto and as a result of his report, the rates were substantially increased on February 1, 1938. Not only that but he recommended the transfer of $8,941,195.84 in order to maintain a reserve in the fund because of the sale of annuities at less than cost prior to that date.

Now, what is the situation as at this date? We find that we are selling annuities at less than cost because life expectancy is greater today than it was in 1936. This is particularly important in view of the continuing trend toward longevity especially in view of the fact that many of the contracts will not become payable for ten, fifteen or twenty-five years from this date. Indeed some will not become payable until the year 2000.

In addition to selling annuities on the bargain counter because of the mortality trend, there is the fact that up to April 19, 1948, an interest rate of four per cent compounded yearly was allowed on money paid by the purchasers of annuities; whereas in the case of citizens who sacrificed to buy war bonds and Canada savings bonds, an interest rate of from 3½ per cent to three per cent only was allowed. Such a substantial difference in interest rates is discriminatory and unfair as between different types of people who provide old age security in different ways. One group has been providing old age security by purchasing government annuities but a far larger group has been buying government bonds—victory loan bonds, war savings certificates, and Canada savings bonds.

At the present rate of sales and assuming money to be worth three per cent, if we continue to pay a four per cent interest rate, my actuaries have estimated that there will be a capital deficit of over $100 million incurred from the new business of the next ten years and this does not give any consideration to the fact that sales have been increasing very rapidly. Added to this capital deficit, had we continued on the mortality tables without consideration to the extension of life expectancy, there would have been a substantial additional deficit. Having regard for these facts, I am convinced this parliament would have found me very remiss had I not brought the matter to the attention of the government and recommended suitable adjustments. In arriving at the decisions made and put into

effect by order in council, this government has not departed one iota from the basic principles of the 1908 act.

I believe I have answered in my statement all the points raised by hon. members in the several debates on this subject.

Something has been said in regard to the fact that persons purchasing annuities after April 19, 1948 will pay more than those who purchased prior to that date. This, of course, is true, but it is not a new feature and is no different from the situation faced in 1938 when the last adjustment was made, nor is it any different from the situation existing in all kinds of insurance business. I maintain that the investment in government annuities is the best investment any one who is looking for security can make and I assert without fear of successful contradiction that the new rates are the lowest at which annuities can be purchased in Canada.

Mr. KNOWLES: Mr. Speaker, I realize that I am not permitted to debate the matter at this time. If I could I would object to many things that the minister has said; but may I ask this question? In view of the representations that have been received from the public and made to the government on the floor of parliament, will the government still give consideration to the matter of annuity rates?

Mr. MITCHELL: It is the intention of the government to submit the whole question of annuities to a special committee at the next session of parliament.

Mr. REID: Will the minister give the house the figures as to the number of people who have paid from $10,000 to $16,000 in a lump sum for the buying of annuities? The information I get in the city from which I come is that there are more applications from people who are in a position to pay $8,000 or more for the purchase of an annuity than there are from those in the lower income brackets. These people surely cannot be considered poor.

Mr. GREEN: In many cases they are widows.

Mr. REID: Large companies are paying up to $10,000 for each employee, the MacMillan company and others.

Mr. MITCHELL: Obviously we cannot debate this matter on the orders of the day. I shall be glad to provide the hon. member for New Westminster, and any other hon. gentleman, with the information asked for.

TARIFFS AND TRADE

STATUS OF ADJUSTMENTS INCLUDED IN SCHEDULE V OF GENERAL AGREEMENT

On the orders of the day:

Mr. M. J. COLDWELL (Rosetown-Biggar): A resolution on the order paper dated December 5, dealing with the Geneva agreements, one of the matters for which the house was called together early last December, has been passed over. What is the position of the tariff adjustments that were included in schedule V of the general agreement? Parliament has not approved the resolution. No bill has been introduced. The announcement was made that this would go into effect. May the position be stated, so that the house may be clear on the matter?

Hon. DOUGLAS ABBOTT (Minister of Finance): The tariff rates agreed upon in the Geneva agreements have been given provisional application in Canada and in other countries, as is contemplated in the agreements themselves. They have been given provisional application here by order in council. The statutory implementation of the agreements will take two forms. The resolutions, which still stand on the order paper, if adopted, will provide for the formal approval of the agreements entered into at Geneva. When that is done it will require legislative implementation by an amendment of the customs tariff. The resolution which stands in my name under government notices of motion is a formal resolution which must be passed, I am advised by my legal advisers as preceding a money bill. I am advised that an amendment to the customs tariff cannot be introduced unless preceded by a resolution. The amendments to the customs tariff will not be proposed until the resolution standing in the name of the Prime Minister, which is a general resolution asking for the approval of the agreements, has been adopted. In the meantime the tariff changes are in effect, and will continue in effect for the time being. The same position applies in the United Kingdom, and I understand the same position exists in the United States.

Mr. COLDWELL: Tariff changes, which are changes in taxation, have been made by order in council, although parliament has been in session since the first of the year. Can this continue indefinitely? Will the government always be able to vary taxes by order in council without the approval of parliament?

Mr. ABBOTT: As my hon. friend knows, all the tariff changes are reductions. I cannot say just how long. I had better not give

my hon. friend a specific answer, but I have been informed that there will be ample opportunity at the next session of parliament to take the appropriate legislative action before the provincial application expires.

I am informed that no country has yet given legislative approval to the agreements entered into. In some countries it can be done by executive action; in others parliamentary approval is required.

Mr. HACKETT: Is it not a fact that these reductions in tariff duties enacted by order in council prevent Canada from making any further increase in the duty on these items?

Mr. ABBOTT: That is incorrect.

Mr. MACDONNELL (Muskoka-Ontario): May I ask the Minister of Finance whether he will agree that while it is not his fault that these rumours are circulated, it is the fault of the government that these things that started as rumours now turn out not to have been rumours at all but to have been true?

Mr. ABBOTT: I am going to answer that. These rumours, as I have said before, were unfounded. I have no idea whence they emanated, and if my hon. friend assumes that the report of the prices committee gives confirmation to the rumours, then I say that assumption is completely unjustified.

Mr. MACDONNELL (Muskoka-Ontario): Does the minister not agree that the rumours turned out to be almost word for word the same as parts of the report of the prices committee, and does he think that is just an accident?

Mr. FULTON: May I ask the Minister of Finance a question supplementary to that asked by the hon. member for Stanstead. Would the Minister of Finance reconsider the answer he gave? Our understanding is that under the protocol, once tariffs are lowered, even though it may be provisional, we cannot raise them without a breach of the protocol.

Mr. ABBOTT: That is not correct.

EXCISE TAX

RUMOUR THAT 25 PER CENT IMPOST MAY BE WITHDRAWN

On the orders of the day:

Mr. C. E. STEPHENSON (Durham): I should like to address a question to the Minister of Finance. I think it is of interest to all the people of Canada. In view of the rumour that the 25 per cent excise tax may be withdrawn, a rumour which is having a serious effect on customer buying and business in general, will the Minister of Finance make a definite statement as to whether the tax will be withdrawn?

Hon. DOUGLAS ABBOTT (Minister of Finance): My hon. friend was not in his seat in the house last night when I answered a similar question, but I will repeat substantially what I said then. I have nothing to add to the statement I made in the house the other day. It is extremely unfortunate that these rumours have been circulated, because I am aware of the disturbing effect they have on business. As I said last night, however, that it is not the fault of the Minister of Finance, and it is most unusual for the Minister of Finance either to confirm or to deny rumours of this kind. I felt obliged to do it, for the reasons I gave in the house. I have nothing to add to what I said at that time.

CATTLE

EMBARGO ON SHIPMENTS TO THE UNITED STATES

On the orders of the day:

Mr. C. E. STEPHENSON (Durham): May I ask a question of the Minister of Agriculture? Rumours are abroad that the embargo on cattle may be lifted, and this is having a serious effect on business. Is the minister prepared to indicate whether the embargo will be lifted?

Right Hon. J. G. GARDINER (Minister of Agriculture): There is nothing I can add to what I said yesterday.

AGRICULTURE

QUESTION AS TO CONFERENCE ON PRAIRIE FARM ASSISTANCE

On the orders of the day:

Mr. F. S. ZAPLITNY (Dauphin): May I ask the Minister of Agriculture a question. Is he in a position to report to the house any progress in connection with the proposed conference between the municipalities, provincial officials and his department on the subject of prairie farm assistance?

Right Hon. J. G. GARDINER (Minister of Agriculture): I discussed the matter when I was in the west recently. Some disturbances had taken place in the west. I have nothing further to report at the moment but I hope there will be something shortly.

FINANCE

PRESS REPORT AS TO FUNDS IN THE UNITED KINGDOM TO CREDIT OF CANADA

On the orders of the day:

Mr. RODNEY ADAMSON (York West): I should like to ask the Minister of Finance a question arising out of an article that appears in today's press with regard to a reported $300 million fund which is lying in the United Kingdom for the use of Canada. Is there truth in that story?

Hon. DOUGLAS ABBOTT (Minister of Finance): I have not the faintest idea. I have never heard of it.

Mr. ADAMSON: It is on the front page of the *Gazette* today.

SUPPLY

The house in committee of supply, Mr. Macdonald (Brantford City) in the chair.

DEPARTMENT OF FINANCE

Demobilization and reconversion—
Wartime prices and trade board—
87. Administration, $3,990,040.

Mr. KNOWLES: When the house rose last night I was in the process of questioning the minister with regard to the wartime prices and trade board, and specifically I was trying to find out whether the board, in anticipation of the government doing something about the report of the prices committee, had any plans worked out for the reimposition of some price controls and some subsidies.

It does seem to us on this side of the house that it was not an accident that the prices committee recommended the proposal which it brought forward. One of those proposals was for a qualified and selective return to the principle of controls and subsidies, and I would hope that the wartime prices and trade board might already have some of the machinery set up for taking these steps. Can the minister tell us whether that is so?

Hon. DOUGLAS ABBOTT (Minister of Finance): The existing organization of the wartime prices and trade board is there, but as yet no special instructions have been given in connection with the matters referred to by my hon. friend.

Mr. KNOWLES: In other words, the wartime prices and trade board will not act of its own motion, but upon instructions from the government.

Mr. ABBOTT: Quite so.

Mr. KNOWLES: So that the basic question is still whether or not government policy will be changed to meet the recommendations passed by this house the other night. May I ask the minister what has happened to the staff of the wartime prices and trade board in the last number of months, or for such period as he may have the figures? Has the personnel been maintained at the strength of a year ago, or has it been increased or reduced?

Mr. ABBOTT: At April 1, 1947, the staff of the board was 3,920; at May 31, 1948, it was 1,277.

Mr. KNOWLES: Does the minister or the chairman of the board, who is in front of him, feel that the present staff of the board can do an effective job in implementing the recommendations of the prices committee?

Mr. ABBOTT: Well, the recommendations of the prices committee were pretty guarded in their terms.

Mr. KNOWLES: No doubt about that.

Mr. ABBOTT: Naturally, the extent to which it may be considered advisable to re-embark on price control will govern the number of employees and the type of organization which the board will have to maintain. I repeat, however, that it is not and never has been the intention of the government to go back into an over-all price control, or wage control, which is a necessary corollary to that. I think it is fair to say that any ceilings which may be reimposed will be very limited, and that is my understanding of the recommendations of the prices committee.

Mr. KNOWLES: The minister said that the recommendations of the prices committee were very guarded. Not half so guarded, may I suggest, as the comments which the minister himself is making on this question. It would seem that the most apt comment on the work of the prices committee was presented to us yesterday in pictorial form in a cartoon in the *Globe and Mail*. Most hon. members saw it.

Mr. MacNICOL: Which way was the soldier going?

Mr. KNOWLES: The cartoon showed a brigadier in charge, namely the Minister of National Health and Welfare—

Mr. MACDONNELL (Muskoka-Ontario): It was a field marshal.

Mr. KNOWLES: All right—a field marshal. He was standing there giving commands to his three soldiers, labelled "recommendations",

to "forward march" and there they stood with their faces up against a brick wall entitled "government policy". That seems to be the position, and the people of Canada have to take the rap.

Mr. ABBOTT: I have not seen the cartoon, but I want to look at it; because in my judgment, the cartoonist for the *Globe and Mail* is one of the best in the country.

While we are on this question of price control I want to bring something to the attention of the committee which I think is important. I refer to the situation which has developed in our fellow commonwealth of Australia with respect to this question of price and rent control. I have had occasion in the past to refer to the constitutional position in Canada and the constitutional power of the dominion government to continue to impose price and rent control. I know that there has been the tendency in some quarters to consider that as a rather legalistic conception and one that does not have very much practical importance. The reason I want to say what I intend to say now is that the committee and the country may appreciate its practical importance; and I want to illustrate that point by outlining to the committee just what has happened in Australia.

As hon. members know, the federal government in Australia has been controlling prices and rent, over a number of years, under wartime constitutional powers which are not unlike those possessed by the federal government in Canada. Some months ago the Australian federal government—which is and has been for some years a socialist government—introduced a law into the commonwealth parliament to amend the commonwealth act, by adding to the constitutional powers of the federal government an additional power to be known as "XIVA". That power was to be inserted in section 51 of the constitution, which reads:

51. The parliament—

That is the Australian parliament.

—shall, subject to this constitution, have power to make laws for the peace, order, and good government of the commonwealth with respect to:

Then there is a long enumeration of the powers, and the power to be inserted was:

(XIVA) Rents and prices (including charges).

The situation in Australia is this. The federal government exercises such powers as are specifically given to it under the constitution, and those which are not mentioned there belong to the state. That is the reverse of our position here in Canada. Nevertheless the situation is analogous in this respect, that since "property and civil rights" is not in the hands of the federal government in Australia any more than it is here, they required this specific power. That law was submitted to a referendum—the government advocated its adoption, of course—and the government put out a pamphlet entitled, "The case for and against." This pamphlet may have been seen by some hon. members; it fully and fairly, I think, states the case for the adoption of the constitutional amendment, and against it. With the indulgence of the committee I should like to read the summary of the case "for". This is the heading: "Keep the protection you have", and it reads as follows:

A "yes" vote for commonwealth legislative power over rents and prices, will permit the continuance of—

Protection against inflation; fair rentals; security against eviction; real benefit from wage and salary increases; fair value for your money; protection of your savings and deferred pay; full value for your life insurance, superannuation and social service benefits.

A "no" vote will expose you to—

Inflation, boom and depression; profiteering, rack-renting and black marketing; eviction from your home; a scramble for houses and goods, with the rich always winning; decrease in the real value of your savings; industrial unrest.

Mr. ADAMSON: Is that a fair presentation?

Mr. ABBOTT: That was the presentation of the case for the affirmative, a vote for this amendment. And quite fairly the pamphlet presents the case for a "no" vote. It is elaborate but I will give the summary which is given in the pamphlet. It is headed "We urge you to vote 'no'." The reasons are given as follows:

We ought not to be devising ways and means of making wartime controls permanent; we ought to be reducing them as normal conditions are restored.

The ordinary citizen will get a better deal when powers of government are divided than when they are centred at Canberra.

After the bank nationalization experience, the Chifley government should not be given another blank cheque.

"Remote control" from Canberra has produced a vast and growing army of officials, a tangle of red tape, inefficiency, black marketing, and injustice.

In normal times, the controls in question can be far more effectively dealt with by the states, who have full power to deal with them, and whose administration would be much closer to the people and their needs.

Centralization of administration at Canberra weakens the authority of public opinion (as the banking business has shown), and produces a spirit of official tyranny which is a sinister enemy to true democracy.

Admittedly it is a full statement of the difficulties. I am not adopting that as my own, I am putting it before the committee as the language used in the official pamphlet put out by the chief electoral officer in Australia. It was sent to me by our high commissioner there. The referendum was held on May 29—which incidentally was my birthday, although that is irrelevant.

Mr. COLDWELL: That is when the prince hid in the oak tree. Perhaps that has something to do with it.

Mr. ABBOTT: The vote was overwhelmingly negative. I have the figures here. I shall not weary the committee with them; they are matters of public record. But as I say, the vote was overwhelmingly against the retention by the central government of these powers.

I am simply pointing that out to the committee for this reason. None of us can say with certainty how the Canadian people would vote if a similar issue were placed before them. In any case, that is not the procedure for making an amendment to the British North America Act. It would require an imperial statute. But it is significant that in Australia—where a labour government has been in power for some years and where presumably the idea of a controlled economy may have gained greater headway than it has here—the people in most decisive fashion declared that they did not wish to endow the federal parliament with jurisdiction over rents and prices.

Fortunately we in this country have followed what I consider to be the wise course of removing these federal controls in a gradual and orderly fashion. It has been a difficult procedure, particularly in these later stages. But I ask those who think we should have retained controls or should now re-establish them over a wide front to ponder well the results of the Australia referendum.

The Australian government now finds itself in this position. It has made no plan for the abandonment of these controls. The reports which I have received from the Australian information service indicate that the government there intend to toss rent controls back into the hands of the states about September 1. They have already abandoned rationing of beef, clothing, and the like, and they have abandoned subsidies on milk, textiles, yarn, raw cottons and so on.

Mr. MACDONNELL (Muskoka-Ontario): Saskatchewan knows how to deal with the matter.

Mr. ABBOTT: I should like to put this fact before the committee in as objective a fashion as I can, to reinforce the point which I have tried to make from the beginning in connection with this decontrol program: the federal government has not the constitutional power to continue these controls indefinitely. Parliament has given that right to the government until March 31 next. It is open to challenge at any time in the courts. One can appreciate the chaotic condition which might be created in this country if it were held, as it might well be held, that the federal government had no power to continue these controls indefinitely. I think that fact should be appreciated by every hon. member and by every person in this country. I have brought the Australian situation to the attention of the committee because I do not know whether its full implications have been realized in Canada.

Mr. ADAMSON: Just for the record could the minister give the figures of the Australian vote, to the nearest hundred thousand, or as a percentage?

Mr. ABBOTT: Yes, I can give it very simply. The "yes" vote was 1,645,000, in round figures; the "no" was 2,354,000.

Mr. MacINNIS: I think it would have been better if the minister had made the other evening, when we were discussing the report of the prices committee, the speech he has just made. It would have given the house a better understanding of the sincerity of that report as far as the government was concerned. The house accepted that report on the assumption that something would be done, and now it is made quite clear that nothing will be done.

Mr. ABBOTT: That is not correct.

Mr. MacINNIS: The minister says the report was very guarded but, as the hon. member for Winnipeg North Centre says, it was not half as guarded as the minister is. It would have been much better, much more in line with honest dealings, to tell the people of this country, when the report was being discussed, what was to be done.

The minister referred to the Australian referendum. I am glad he did that, and glad also that he read the statements made for and against the question of controls. He pointed out that there is a socialist government in Australia. I am glad he did that, because in my opinion there is no other case on record in which a government, in presenting a referendum, has put the case for both sides as fairly as was done in this case. I hope my hon. friend will take note of that.

Mr. ABBOTT: I readily acknowledge that.

Mr. MacINNIS: We have not a referendum system in this country, and as far as we know the people of Canada have not given any mass expression of opinion in opposition, not to indefinite controls, but to controls as long as the present abnormal situation exists. The committee was appointed in February on the assumption by the government that prices had reached their limit. Early in the year, the minister himself said that the price index would possibly go to 146, and then begin to decline. The assumption was, "We will appoint this committee. By the time the session ends and the committee comes to report, prices will have fallen, and we will be able to tell the people of Canada how successful the committee was." Prices have not fallen, and reports are that they will be much higher a month from now than they are today. And if prices are higher, as they will be, the condition of the people of Canada will be worse than it is today. All we have now is a report from the prices committtee, containing very guarded proposals, together with the assurance from the minister in charge that even those proposals will not be put into effect.

Mr. ABBOTT: I have not made any such statement.

Mr. MacINNIS: I know the minister did not use those words.

Mr. ABBOTT: Then do not say you have had an assurance from the minister.

Mr. MacINNIS: But we have to judge the statement in the light of conditions. The minister says we have not the constitutional right to institute price controls. The referendum or Gallup poll taken in Canada some months ago indicated that 76 per cent of the people were in favour of controls. Of course if the government is not going to stabilize prices by government action of some sort the minister might as well tell the people of Canada there is nothing he can do to keep prices more in line with income. And if there is nothing he can do, then the people will have to take the necessary steps to try and keep their income in line with prices. So then where are we?

Mr. BLACKMORE: The discussion that has been going on about price control is exceedingly interesting to me. It is also a matter of vital importance to the Social Credit party, which believes it has the only possible solution to this price situation. Nevertheless I do not propose to follow my hon. friends in a discussion of the matter of prices, except to say briefly that as far as I can judge the high prices we now endure had their fundamental and primary cause in the increase in the price of steel which was permitted back in 1946. That price increase has pyramided into increases in the prices of many commodities which are directly or indirectly dependent on steel.

What can be done at present to revert to the position we occupied at the beginning of 1946 would require some very wise men indeed to determine.

I will say, however, as all hon. members readily recognize, that there is only one sure way to keep down prices. That is to increase production. The big problem we must face, then, is how to increase production, and it is about that aspect of the matter I should like to talk for a short time, concentrating my attention on the beet sugar industry.

I am quite sure the people as a whole, and probably hon. members of this house, are not vividly aware of the degree to which the beet sugar industry could increase production in Canada. In beginning my talk I should like to point out that on February 24 of this year I received a letter from a prominent beet sugar producer, in which he used these unhappy words: "We have been turned down on all counts." He was referring particularly to the response by the Minister of Finance to the representations of a group of men who approached him asking that certain adjustments should be made this year in respect to the beet sugar situation, which adjustments they believed would result in the signing of a great many more contracts for the production of beets this year all through Ontario and Alberta. The minister turned down those people, and for a few moments I should like to talk to the minister about that matter.

I might as well tell the committee what these men asked. They wanted the minister to agree to buy the sugar they would produce in Canada this year at the same price he would have to pay for Santo Domingo raw cane sugar brought to Canada, processed in Montreal and marketed here. They considered that a very fair and moderate request; but whatever his future intentions may be, the minister turned them down completely. They also asked that the fixed valuation of sugar for import should be reimposed. That was refused, too.

Some hon. members will recall that on May 13, 1948, as recorded at page 3911 of *Hansard*, I spoke on the subject of "Sugar beets and the Soil", a matter of vital importance to Canada at the present time. In the course of that speech I produced evidence to prove

that sugar beet culture always improves the soil. I should like to quote a short statement in that connection:

> Statistics show an increase in the yield of crops in every country where the raising of sugar beets has been introduced.

That is taken from "The Sugar Beet in America," at page 257. It is to be found in reference 106, 1939, page 48, tariff board.

It is my purpose today to speak about "Sugar beets and Canada's Food Production", because these matters pertain directly to the question which we are discussing today and which is receiving the attention of the nation from coast to coast. The subject is timely. Everyone is talking and thinking about food. Hundreds of millions of people throughout the world are hungry and undernourished all the time, an experience which perhaps no one of us here has undergone unless it was during the war or some time like that. Scores of millions have not the soil resources from which to produce their required food. The average amount of arable and other cultivated land in all countries is 1·30 acres per capita, while in Canada it is 5·04 acres. Those figures were given in the Royal Bank of Canada monthly letter of June, 1948.

I should like to summarize an article which appeared in the Ottawa *Evening Citizen* of May 20 entitled, "The world's great need of food." This reads:

> The world's food production must be increased to meet the needs of an additional 20,000,000 people each year, besides keeping pace with current needs, declared Australian director of agriculture Frank W. Bulock, in a review of the work of UN., FAO.
>
> He said a planned world agriculture called for the opening up of new lands, the application of every possible scientific aid and the prevention of unnecessary loss of cattle and crops.

That is exactly the text from which I propose to speak. If she is wise, Canada will recognize her duty toward the world with regard to food production and she will make broad her shoulders and assume an ample share of the food production burdens of mankind. We should not wait too long, because the need is immediate. People are hungry right now while we sit here in this chamber. They can see nothing but the prospects of being hungry for years to come. That is no small matter.

At the same time we should bear in mind those Canadians yet unborn who should have at their disposal soil as rich and as good as the soil which we possess at this time. If they are to have such soil we must adopt measures in this land that will preserve the fertility of our soil to be passed on to future generations. What shall we do? Let us not forget the beet sugar industry in our planning.

By growing sugar beets our people can produce more food per acre—I want to point this out solemnly to the minister as a statement which he cannot gainsay—than they can by the use of any other crop known to man. So if we want to produce food in Canada let us not coldshoulder the beet sugar industry. By using sugar beets our people can produce such abundance of food as only sugar beets can produce and actually improve their soil, as I have pointed out in previous speeches. From year to year they can improve the fertility, the fibre, the friability, the tilth and the health of their soil. They can increase everything that goes to make good soil.

May I say once more that this is a matter of importance, it is something for responsible men in a government like ours to consider. An acre of good Canadian land can produce food to the extent that I have indicated; and besides sugar beets are the surest crop there is in Canada, particularly in irrigated areas. Already there is beginning to be grave anxiety concerning the crops in western Canada. All over the land we are having drought which may result in almost complete crop failure. But there will be no failure in the irrigated areas where sugar beets are being raised.

An average acre of Canadian sugar beet land will produce ten tons of sugar beets. That in turn will produce 3,000 pounds of sugar at the average extraction rate of 300 pounds per ton. It will produce 2,000 pounds of dried beet tops at the average rate of 200 pounds per ton of beets. It will produce 1,000 pounds of dried beet pulp at the average rate of 100 pounds per ton of beets. It will produce 800 pounds of beet molasses at the average rate of four per cent of the beets, or 80 pounds per ton of beets.

But the production is much greater than that, as I should like to draw to the minister's attention. The 2,000 pounds of dried beet tops would be equivalent to 1,000 pounds of grain feed on the accepted basic formula that a pound of dried beet tops is equal to half a pound of grain. It would be equal to 1,500 pounds of alfalfa hay and 460 pounds of grain as used in a feed ration for cattle, this being worked out on the formula of 200 pounds of dried beet tops replacing 150 pounds of alfalfa and 46 pounds of grain.

The beet pulp would be the equivalent of 139·9 pounds of ground barley, 636 pounds of alfalfa hay and 44·2 pounds of molasses for every ton of siloed beet pulp. These figures are shown in the report of the Alberta beet growers for 1941, page 27.

But I would point out to the minister that an acre can produce much more than ten tons of beets.

Mr. MacNICOL: As high as 18 tons.

Mr. BLACKMORE: I have computed my figures on the basis of 10 tons to the acre, but may I show the minister what is being done in my constituency. As I said, an acre can produce much more than 10 tons. The average yield in Alberta for a given 12 years has ranged from 9·96 tons per acre to 14·10 tons per acre. The average for the 12 years was 12·05 tons per acre, much greater than the 10 tons per acre which I have used. Higher yields are being obtained all the time. In 1947 there were many farmers in Alberta who raised as much as 15 tons per acre on substantial acreages.

I am taking my figures from a little booklet entitled "Silver Sunshine" prepared by the beet sugar manufacturers in Alberta. I hold in my hand the spring edition for 1948. Page 32 gives the details of what Mr. W. E. Bullock of Taber has done, and I quote:

> His contract now centres around the 100-acre mark and has a four year average of 16 tons per acre.

In the light of the figures I have given to the minister, the production from this man's activities are colossal, almost inconceivable. Sixteen tons to the acre and over 100 acres to be taken care of by one man. Then Mr. Jesse H. Wilde of Welling, in my constituency, is referred to on page 28 as follows:

> Since the factory began operations in 1925, he has not only been a consistent grower but has grown an average of over 100 acres of beets a year. During this time his beets have produced 72,000, 100-pound bags of sugar or enough to supply the needs of 3,600 people for the past 23 years.

That is the production of one man in the growing of sugar beets, an industry which the minister has not yet learned to appreciate. The article states further:

> In 1947 from the 110 acres of beets grown, he had an average of 14·98 tons per acre.

Then Ivan Harris of Taber is referred to on page 31 as follows:

> Ivan Harris has again raised the highest tonnage for the year 1947, 22·6 tons per acre on 30·5 acres. This is not an unusual occurrence for Ivan as his seven-year average is over 20 tons per acre.

If the minister would only think about what can be done, if he would only bear in mind that the new Lethbridge southeastern water conservation project, which the minister is providing money to build, will bring 345,000 acres of land under irrigation and be rendered capable of such astounding production of food as I have indicated by the statements concerning these men, I am sure the beet sugar industry would have his support. If this irrigation project is to be made to contribute to the national life and welfare of Canada as it can be, the minister must adopt those national policies which will render it possible for that to be accomplished.

Just think of the food and feed produced by Ivan Harris on an acre of land! Imagine one of Ivan Harris' acres producing sugar beets at the rate of twenty tons to the acre! That would mean, with 300 pounds of sugar produced per ton of sugar beets, there would be 6,000 pounds of sugar.

Mr. IRVINE: We would be overwhelmed in sweetness.

Mr. BLACKMORE: You would have upon an acre of land sixty 100-pound bags of sugar, and that would be only the sugar produced in the crop.

I have to reason with the minister now pointblank. Canada in the year 1948 has definitely lost 25,000 acres of sugar beets in Ontario entirely through federal government blundering and I am sorry to say that the minister will have to take the rap for that blundering because it was his department which caused it. The quotation I made from a letter at the outset was a statement made by one man who was trying to get some positive pronouncement from the government which would justify him in signing up contracts this year, but he did not get that pronouncement until it was too late, and the result was that those who might have grown sugar beets raised tobacco or corn or tomatoes or peas. Valuable as all these crops may be, they do not compare with the value that would have been obtained from producing sugar beets.

Twenty-five thousand acres of sugar beets in 1948, producing ten tons to the acre, would have meant 250,000 tons of sugar beets. Planted with sugar beets that land would have produced in sugar 300 pounds to the ton; 300 multiplied by 250,000, or 75,000,000 pounds of sugar. Of dried beet tops, at 200 pounds of dried beet tops per ton of beets, multiplied by 250,000, it would have produced 50,000,000 pounds. Of dried beet pulp, at 100 pounds of dried beet pulp per ton of beets, multiplied by 250,000, it would have produced 25,000,000 pounds. Of molasses, at 80 pounds of molasses per ton of beets, multiplied by 250,000, it would have produced 20,000,000 pounds. The grain equivalent by reason of the dried beet tops would have amounted to 1,000 pounds per acre, which multiplied by 25,000, would give 25,000,000 pounds of grain. Of alfalfa hay plus grain equivalent, at 1,500

pounds per acre of beets, multiplied by 25,000, it would have produced 37,500,000 pounds of alfalfa hay equivalent plus 460 pounds of grain per acre of beets, multiplied by 25,000, or 11,500,000 pounds of grain equivalent.

That amount of foods and feeds is what the minister and his department deprived the province of Ontario of in 1948. It is not a very pleasant thought. Yet that is what occurred, just because he gave the cold shoulder to a body of sugar beet men when they came to talk with him. I repeat, those 25,000 acres of beets are a serious loss. Let me give a few facts to indicate how serious that loss is.

First we shall take the value of the beets themselves. From sugar beet culture we derive foods such as the beets themselves, sugar, beet tops, beet pulp, beet pulp, dry and fresh, molasses, and a rapid improvement of the soil which over a period of twenty years will be substantially improved in productivity.

May we discuss in further detail the actual meaning of each of these items considered in terms of food. The nourishing power of sugar beets themselves may be judged by the following table, which may be new to the minister:

One acre of sugar beets will nourish 8 people for one year.

One acre of potatoes will nourish 4 people for one year.

One acre of wheat will nourish 2·4 people for one year.

One acre of sugar beet by-products equals 2,962 pounds of nutrients.

One acre of alfalfa hay equals 2,178 pounds of nutrients.

One acre of sugar beets produces 17,337,500 calories of energy.

One acre of alfalfa produces 10,255,400 calories of energy.

One acre of barley produces 8,983,500 calories of energy.

These figures were given by T. George Wood, the superintendent of Canadian Sugar Factories Limited, in the book "Silver Sunshine", volume IV, page 3. The minister will not have time to take all this in at the moment, but he will realize from a careful study of these figures how serious the question is.

Sugar beets, including the leaves, slices and tops, yield a higher percentage of starch and protein than any other crop. In a memorandum prepared for the economic committee of the League of Nations F. O. Licht says:

Sugar beet culture inclusive of leaves, slices and tops, yields on the average a far higher proportion per hectare of starch equivalent and protein (76·70 and 3·51 metric quintals respectively) than any other crop.

That will be found in the brief submitted to the tariff board by the beet sugar industry, at page 25. The reference is 106-1939. The minister will notice that I am endeavouring to quote him authorities on whom he can absolutely rely, so he will know that what I am saying is in accord with the best information available to men.

What is the value of sugar? Sugar is one of the cheapest of foods. At page 23 of the 1944 report of the Alberta sugar beet growers we read:

The cost of 1,000 calories of some essential foods follows: Sugar will give a thousand calories at four cents, bread at 8·5 cents, potatoes at 10·33 cents, butter at 13·70 cents, bacon at 17·38 cents, cheese at 17·45 cents, milk at 44·29 cents, cabbage at 43·33 cents and round steak at 52·31 cents. I submit to the minister that there is some serious material upon which to reflect. Sugar is also cheaply and easily stored. It is probably about the only food that can be stored indefinitely with no danger of loss whatever. All we need to do is to keep it dry. With cement containers we can store sugar indefinitely. In times as uncertain as these how can we afford to permit ourselves to go without the protection derived from storing quantities of sugar? Sugar is cheaply and easily carried. It is imperishable. It can be used in a great variety of forms. It is a great preserving agent, being a powerful disinfectant.

Sugar preserves vitamins in making condensed milk, and in preserving fruits. Lest the minister doubt, let me tell him that he can find this information in "Sugar facts", June 15, 1948. Sugar used in frozen fruits retards development of yeasts and moulds and so reduces danger of fermentation. The use of frozen fruits is becoming very common today. It also preserves colour, flavour and aroma. The minister can confirm what I have said by consulting "Sugar facts", April, 1948.

Sugar goes to war. One of the things which has amazed me is the impunity with which succeeding ministers have disregarded the beet sugar industry, considering what danger we would be in in case of war. I have pointed this danger out since 1936, but apparently my warning has fallen on deaf ears, notwithstanding any experience we may have had in war, or the danger of coming wars.

What does sugar do in war? It is directly used in munitions, in synthetic rubber, as citric acid, as acetone, as industrial alcohol. It is the main emergency ration for fliers. It is used, if necessary, in the welding of sheet plates. The minister can verify that by reference to "Sugar facts", March 15, 1948. There is only one safe source that Canada has for sugar, and that is our beet sugar production.

The by-products of the beet sugar industry are first of all the beet tops. Beet tops are

cured in one of three ways: first, by piling in the field in small piles and hauling from field to field; second, by piling in field as topped, hauling and piling in a lot adjacent to the feed yard and feeding from there; third, in siloing the fresh green tops. Beet tops are greatly relished by sheep and cattle. This can be verified by reference to "Silver Sunshine" fall, 1946, page 32. Mr. W. R. Hughes, L.N.I.D., beet growers' secretary, returning from a demonstration of the Keist beet harvester at Pocatello, Idaho, said that in that part of Idaho the growers claimed that when tops were taken fresh and crisp from that harvester they were easily siloed as topped, and that tops so handled and used for feed were just as valuable as the beets sold to the factory. Not only have you the value of the beets, but you have just as great value in the tops. Tops properly siloed are worth just as much as the beets; livestock prefer beet top silage above other feeds. These facts may be found in the booklet "Silver Sunshine", spring of 1948, page 22.

We come now to the by-product, beet pulp. This valuable stock feed is used either moist in the condition it is in right after the sugar is extracted, or dried after the moisture has been processed away. Dried beet pulp is very valuable feed. There is no other product on the market which possesses its virtue. It is both an appetizer and a conditioner. It makes cattle eat more of other food, digest it better and improve themselves in condition. Milk cows fed with it produce more milk per pound of feed consumed. Feeders fed with it gain weight faster and more flesh per pound of feed. Show cattle take on a bloom which cannot be produced as economically in any other way. This can be verified by referring to reference 106-39 at page 51. W. M. Hermis, R. E. Miller and R. D. Jones in Sugar Beet Bulletin, volume 5 (1941), No. 3 at paragraphs 61 to 63 say:

> A ton of siloed pulp replaced 139·9 pounds of ground barley, 636 pounds of alfalfa hay and 44·2 pounds of molasses.

See Alberta Sugar Beet Growers, 1941 report at page 27.

What is the value of the by-product molasses? Beet molasses consists of sucrose, 50 per cent by weight, soluble salts and water. It is rich in potash; it contains some nitrogen. Beet molasses is useful as a stock feed and as a fertilizer. It is useful for yeast making and distilling. It mixes well with dried beet pulp. This has also been discussed in reference 106-39 at page 52.

Molasses is used increasingly in chemical processes, according to Messrs. F. O. Licht in memoranda prepared for the economic committee of the league of nations, 1929, at page 25.

[Mr. Blackmore.]

It is used in connection with yeast. Molasses was declared chemicals by munitions and supply during the war, as is recorded in the 1941 report at page 12.

Let me stop and reason with the minister for just a minute or two. He sees all these tremendously valuable products which would be of outstanding importance in case of war, and yet he ignores the production of them.

A general idea of the value of beet by-products in stock feeding may be gained from the following: experiments at agricultural college at Bozeman, Montana, found that to produce a 300 pound gain on each of twenty-one head of 650-pound yearling cattle required 67·2 tons of wet pulp, 3·4 tons of beet molasses, 16·8 tons of cured dried tops, 8·4 tons of grain and 8·4 tons of alfalfa. That is referred to in the Alberta Co-operative Beet Growers 1938 report, page 10. Notice that every one of these ingredients used in feeding this stock, including the grain, comes directly either from the beets or from the rotation crops used in the production of beets.

The results are equally impressive in feeding dairy cattle. May I stop to comment on the dairy situation. In Canada we are in danger of being short of dairy products. There is no product in the Dominion of Canada that can produce milk to compare with beet pulp and beet tops. If we are to produce milk let us get the facilities with which our farmers can produce it. In Alberta in 1943 29,306 acres, averaging 10·20 tons an acre supported 32,000 cattle and 125,000 sheep and lambs according to C. O. Asplund in the 1943 Beet Growers' report at page 21. An almost incalculable amount of milk can be produced from the use of beet pulp and other by-products, alfalfa hay and sweet clover, together with a portion of grain.

May I summarize? Food and feed products from 25,000 acres: beets, 250,000 tons; sugar, 75,000,000 pounds; dried beet tops, 50,000,000 pounds; dried beet pulp 25,000,000 pounds; molasses, 20,000,000 pounds; grain equivalent of dried beet tops, 25,000,000 pounds; alfalfa hay equivalent and grain equivalent, 37,500,000 pounds of alfalfa hay and 11,500,000 pounds of grain.

A very heavy loss to Canada in one year! What could have motivated the Minister of Finance to inflict upon Canadians a loss as huge as this? Yet that is exactly what he did. Add to that consideration the salutary effect upon Canadian soil which would have resulted from raising these beets. Twenty-five thousand acres of sugar beets would cause a soil improvement crop rotation as follows: 25,000, multiplied by 5, or 125,000 acres of Canadian soil, according to an ordinary

minimum crop rotation of five years; or 25,000 multiplied by 8, or 200,000 acres, according to the Lethbridge experimental station, which has a rotation of eight years consisting of two into beets, two into wheat, 3 into alfalfa, one into wheat. Thirty tons of manure would be applied once every eight years. See the 1939 Beet Growers' report, page 17.

Now suppose we produced Canadian beet sugar for 7,500,000 Canadians, which I submit to the minister is the absolute minimum that should be considered—how can we consider this nation safe, so far as sugar supplies are concerned, if we are not producing half enough for our own needs in times as dangerous as these? How is it that no kind of reasoning can get this into the minds of the men in charge of Canada's government? Canada, with her excellent adaptability for beet production, should be producing at least her own beet sugar for 7,500,000 people.

Sugar for 750,000 Canadians can be extracted from beets from 25,000 acres of good land. Sugar for 7,500,000 Canadians could be produced upon 10 times 25,000 or 250,000 acres of good Canadian land.

What would be the food production from such an amount of beet production? An acreage of 250,000 of beets, enough to produce the sugar needs of 7,500,000 people, would produce: beets, 10 multiplied by 250,000, or 2,500,000 tons; of sugar, 10 multiplied by 75,000,000 pounds or 750 million pounds. Dried beet tops, 10 multiplied by 50,000,000 pounds, or 500 million pounds; dried beet pulp, 10 multiplied by 25,000,000 pounds, or 250 million pounds; molasses, 10 multiplied by 20,000,000 pounds, or 200 million pounds; grain equivalent through dried beet tops, 10 multiplied by 25,000,000 pounds or 250 million pounds of grain; alfalfa hay and grain equivalent of dried beet pulp, 10 multiplied by 37,500,000 pounds of hay, 10 multiplied by 11,500,000 pounds of grain, or 375 million pounds of alfalfa hay equivalent and 115 million pounds of grain equivalent.

In addition to all these good things we could thus produce, under soil improvement rotations essential to produce such beets about 250,000 times 5, or 1,250,000 acres of land, would be improved towards the increase of food production for future years.

Canada has neglected the beet sugar industry. May I say to the minister that any minister of finance who cold-shoulders this industry does his country a serious disservice; and any government that tolerates its Minister of Finance cold-shouldering the beet sugar industry is also doing a disservice to Canada for the future as well as at the present time. Let that be borne fully in mind.

Mr. MacNICOL: They should encourage it.

Mr. BLACKMORE: Undoubtedly. But all that the beet sugar industry gets from the present Minister of Finance, all that it has ever got from any of his predecessors since I have been a member of this house, is discouragement and apparently an endeavour to put something in the way of production, either to reduce or to discourage it.

The DEPUTY CHAIRMAN: Order. The hon. member's time has expired.

Mr. JAENICKE: Mr. Chairman, I wish to refer to the question raised by the Minister of Finance before the hon. member who has just resumed his seat spoke, and that is the question of the constitutionality of price control. I presume most hon. members who belong to the legal profession, as I do, will agree with the minister's opinion on the question of the constitutionality of price control, but with great respect to those opinions, and with great respect to the minister, I disagree.

I am not competent at the moment to compare the Australian constitution with our own British North America Act and I shall base my opinion on the British North America Act alone. It is my opinion that this parliament has jurisdiction in respect of anything which by inherent nature is of national importance. I think my learned friends in this house will agree with me that this is the trend of the latest decisions of the privy council, and it is my opinion that the question of price control is a subject which by its inherent nature is of national importance. Therefore it would be competent for this parliament to legisiate upon that subject. I simply rose to put my views on record with regard to this constitutional question of price control.

(Translation):

Mr. DIONNE (Beauce): Mr. Chairman, the suggestions made in the house in connection with the prices committee report have on the whole a constructive value which cannot be overlooked.

However, I cannot say the same of certain criticisms made against the report. I do not agree with the hon. member for Lethbridge (Mr. Blackmore) who contends that the people are starving due to the rise in prices. The people may be worried on account of the present unsettled conditions throughout the world—

Mr. MACDONNELL (Muskoka-Ontario): Would the hon. member please speak a little louder?

Mr. DIONNE (Beauce): —but Providence will undoubtedly help us overcome our present difficulties, as at the end of the war. Millions of persons were then working in war industries or serving in the armed forces. How many of them are unemployed today? National production has increased from 6 billions to 13 billions. When will we stop telling our people that they are on the verge of starvation and that they are unhappy, while in fact we are witnessing an era of unprecedented prosperity? Nor do I agree with the hon. member for Winnipeg North Centre (Mr. Knowles) who suggests that rigid enforcement of price and wage controls would solve our problems. No supervisory system will increase the worker's output while decreased production is the very cause of higher prices.

Mr. FOURNIER (Maisonneuve-Rosemont): Hear, hear.

Mr. DIONNE (Beauce): Moreover, as the Minister of Finance (Mr. Abbott) has just pointed out, it seems that these controls are a provincial responsibility. If so, I would suggest that the government hand this task back to the provinces.

Why did the government set up a committee on prices? In an attempt to find means of bringing down the cost of living.

Traders and manufacturers of various commodities were called before the committee so that it might find out whether any of them were exploiting the public.

Though not a member of the committee, I closely followed its proceedings, and my personal opinion is that many of its members honestly tried to do a useful piece of work in the public interest.

Unfortunately, others took advantage of their appointment to the committee to put either themselves or their political creed in the limelight.

If there was a time when the political ideologies of certain members of the house should have been kept completely in the background, it was during the sessions of the prices committee. Unfortunately, that is not what happened.

That was evidenced when the prices committee's report was brought in. Much of the criticism in the house about the report was based on destructive conclusions concerning private enterprise.

I note that such destructive criticism has come mostly from people who would not know the first thing about industrial management.

The sole purpose of many of those speeches —or I should say ravings—was to make out industry as a parasite, a leech feeding on the blood of its people.

To the gentlemen whose philosophy aims solely at establishing a socialist regime in this country, I ask this one question: "What has allowed Canada to develop into one of the most beautiful countries in the world, if not private enterprise?"

Mr. FOURNIER (Maisonneuve-Rosemont): Hear, hear.

Mr. DIONNE (Beauce): Why then seek to cast odium on people whose sole ambition is to produce for the benefit of their country?

And those great reformers, who take up more than half the time of the house, why don't they go to the root of the evil?

Working men appeared before the committee. Were they questioned about things they knew? Were they asked why building costs are so high nowadays, when obviously such costs absorb most of the liquid assets of potential owners? Were they asked why they only lay 350 bricks a day at wages ranging from $1.20 to $1.50 an hour, as compared to 1,000 to 1,500 bricks a day at only 60 cents an hour a few years ago?

No such questions were put to them.

It might be told that no building tradesmen appeared before the committee, but I can reply that the example I have just given with respect to bricklayers applies to every field of activity.

If the practised critics we have in the house had had the courage to put such questions, they would have made themselves unpopular, and of course that is what we seek above all to avoid in this house. Some party members in this house have no more concern for the public weal than for the first pair of shoes they ever wore in their native land, beyond the seas.

Does a member believe he is true to his mandate when he adopts such a course of action? Does he believe he is doing a service to the working class, in representing its members as wretched people who are shamefully exploited?

Is that conducive to the resoration of harmony among the Canadian people? Will it bring about the solving of the many problems we are facing in these troubled times, engendered by the most terrible war that has ever devastated the world?

We are often enough taken to task in this house for not reading the debates. I shall answer for the benefit of some among us: let us make the debates less dull if we want them to be read.

(Text):

Mr. NICHOLSON: I cannot consent to the decrease of $2,869,000 in this vote this year without offering a word of protest. I have been among the members of the house who have had words of praise for the work of the wartime prices and trade board since it was originally set up. In reply to the comments made by the minister this morning in connection with the referendum in Australia, I might say that if the people in Australia had had as happy an experience with their wartime prices and trade board as we have had with ours, the results of the referendum might have been different.

I think it would be extremely difficult to convince the majority of the people in Canada that to continue the wartime prices and trade board and subsidies for a longer period is not in the public interest. The hon. member for Winnipeg North Centre yesterday referred to an item that is of interest in homes where there are infants who cannot be brought up on human milk. He mentioned two cans of beef which were sold at the beginning of June for twenty-nine cents. The price of those two cans now is forty-two cents, an increase of forty-five per cent in this one item from June 1 until the end of June. I know that beef prices have gone up, but I would be surprised if the beef used in the manufacture of this product had been bought since the increase. If you had a wartime prices and trade board functioning as that board functioned during the war, enlisting the co-operation of consumers all across Canada, you would have some protection for the consumer, and you would not have a forty-five per cent increase in this one item in the month of June without action being taken.

The members of this group have spoken about possible action of the government following the report of the prices committee, but I am afraid that few in parliament or out of it will expect any vigorous action as a result of this report. I might remind the committee that two years ago, just in the closing days of the session, on going into supply, I had the privilege of moving an amendment in connection with the milk subsidy. The motion was:

> This house desires to record its opinion that consideration should be given to the continuance of the milk subsidy so as to ensure adequate return to milk producers and make possible the consumption of milk for the nutrition of the Canadian people without any further increase in the price thereof to the consumers.

Hon. members will recall that a majority of the members who were in parliament that day supported this amendment. The government promised to give consideration to the expression of opinion of the house, and consideration was given; but nothing was done to establish subsidies or to ensure that the consumers would be able to consume as much milk as before, without an increase in cost.

It is exceedingly difficult for the average consumer or producer in Canada to understand why the government can end the year with such a large surplus and cannot find ways and means to provide subsidies for essential commodities. During one period in the war, more than a million of our youngest and strongest people were in our war services and war industries, and we were giving large quantities of food as mutual aid. But at that time we were able to consume more milk, butter and eggs in our homes than we did before the war, and more than we are consuming now. With so many of our veterans home, and with no disaster in most parts of Canada, with exception of British Columbia, to interfere with our production, why it should be necessary to cut down our consumption of many of these foodstuffs is surely a matter of concern to the Minister of Finance.

Therefore, Mr. Chairman, I must register my word of protest. I should like the minister to give the committee some information with regard to the provision that has been made for historical documents to report on the work of the wartime prices and trade board. I might indicate that at some time we hope to form the government in Canada; and I am sure that the experience of the wartime prices and trade board during those years will be most useful. I have been disturbed a number of times when I have tried to get information from the wartime prices and trade board, to find that more consideration has not been given to preparing documentary information that should be available to all members of parliament. Would the minister indicate what staff is now working on the

compilation of documentary material which will be available to Canadians now and in years to come, dealing with the work of the board?

Mr. ABBOTT: In direct answer to the last question, I think there are three people devoting full time to the work referred to by my hon. friend, and of course their work is supplemented by that of some other members of the staff. The reports of the board are public documents, but in addition a complete and I think accurate historical record of the work of the board during the war years is being compiled in accordance with privy council instruction. As will be the case with other documents, it is to be deposited in the office of the privy council to form a permanent record in case of future need.

Mr. GLADSTONE: Has the government power to reduce, by order in council, without legislation, the tariff, the excise tax or the sales tax?

Mr. ABBOTT: In connection with the special excise tax put on last fall, as I said in a statement I made here some time ago, it may be removed by proclamation, directed by order in council. That is under section 5 of the act, I think, which I quoted in the house. With respect to certain tariff items I believe specific provision is made to lower the tariffs by executive order. I am not too conversant with the technical provisions of the tariff act. Then of course it is always open to remit duties under the provisions of the Consolidated Revenue and Audit Act. The general rule with respect to the removal of taxes, of course, is that they are made the subject matter of a budgetary presentation and discussion in the house.

Mr. FULTON: Though we do not all talk about profiteering as much as my hon. friends to the immediate left, and we do not ascribe the whole of the price increase in recent months to that cause, I think we are all as interested as they are in preventing profiteering and in prosecuting those who charge unjust and unreasonable prices. Would the minister give us some account of the working of the just and reasonable clause under the present powers of the wartime prices and trade board. As I understand it they have power to initiate action whenever in their view prices have been fixed which are unreasonable and unjust. What prosecutions have been launched under that provision in the last twelve months, and what steps have been taken to see that full use is made of that clause? I take it the procedure is to bring actions in the courts and leave it to the courts to determine whether the prices really are unjust and unreasonable.

[Mr. Nicholson.]

Mr. ABBOTT: The most recent and up to date information on that point is contained in the report of the prices committee, so hon. members have that. Speaking from memory I think about twelve prosecutions have been instituted within the comparatively recent past. There have been two or three convictions so far—

Mr. MARTIN: Three.

Mr. ABBOTT: —and the other cases are *sub judice*. Some other investigations are proceeding. If my hon. friend would like more up-to-date information I can get it a little later.

While I am on my feet, what is the wish of the committee with respect to sitting from one o'clock until two o'clock, as was done yesterday? I do not make any positive suggestion; I am in the hands of the committee. If the committee would like to do so I am quite prepared to continue.

Mr. GREEN: The official opposition are ready to sit right through.

Mr. ABBOTT: That would meet my own wishes.

Mr. KNOWLES: I think a compromise on one hour might be more acceptable; sit until two and then rise for an hour.

Mr. ABBOTT: That is entirely agreeable so far as I am concerned.

The CHAIRMAN: In order to make sure of the procedure, is it unanimously agreed that the committee shall sit until two o'clock?

Some hon. MEMBERS: Agreed.

Mr. FULTON: The report of the prices committee shows that twelve prosecutions have been launched. I understand there have been three convictions and other cases are pending.

Mr. MARTIN: Nine cases pending.

Mr. FULTON: That only covers the period since the committee began its sittings. When the minister gives the further details, will he let us know what investigations the board is undertaking on its own, independently?

Mr. ABBOTT: I have sent out to see if I can get that information. Some investigations are pending, but I am trying to get the information for my hon. friend.

Mr. FULTON: When the minister does that, will he also cover the procedure followed in bringing these matters before the courts?

Mr. ABBOTT: In the month of May there were 7,319 investigations; and since we have a staff of 175 investigators, that represents an average of 42 investigations per man. This

indicates that the staff of the board are constantly checking these matters when complaints are received. The method of initiating prosecutions is the usual method; that is to say, an official of the board makes a complaint in the magistrate's court, a summons is issued and counsel is retained by the board to prosecute the case. Counsel, of course, is appointed by the Minister of Justice. Prosecutions of all types in May totalled 127.

Mr. FULTON: Under the just and reasonable clause?

Mr. ABBOTT: No; that is all kinds of prosecutions, for price infractions or whatever they may be. Whether the twelve mentioned were all in May, I am not in a position to say.

Mr. FULTON: What I had in mind in connection with the procedure followed in bringing these matters before the courts really was this. Does the board, in making its investigations and laying these charges, do so in any sense as a deterrent, where they think there is simply reasonable ground for supposing a price is unjust and unreasonable, with a view to deterring others from charging similar prices? Or do they only prosecute in a bare minimum of cases, where they are certain there are unjust and unreasonable prices?

Mr. ABBOTT: I have discussed the general principles with the officials of the board. Let me say the board is not using these prosecutions as a form of terrorism. I told them prosecutions should be instituted only when they are satisfied that the evidence provides a good prima facie case. They need not have a case which, let us say, is beyond question; not many cases would fall into that category. It is the duty of the courts to determine whether a case is good or bad; but I think there is a duty on the board not to bring a man before the courts on a penal charge of this kind unless there is a good prima facie case. These provisions are not and should not be used as a means of persecution. Is that what my hon. friend had in mind?

Mr. FULTON: Yes; and I entirely agree. Therefore it seems to me one would be justified in saying that, while the board is not too narrowly restricted in the cases it brings forward, that there has been only this comparatively small number of prosecutions under that provision is at least indicative of the fact, and certainly shows the board is satisfied, that the profiteering aspect has not had the effect on the increase in prices that is sometimes made out.

Mr. ABBOTT: I think that is indicated in the report of the prices committee, which indicated that so-called profiteering was not a significant factor in the increase in prices.

Mr. FULTON: The minister said there were some 7,000 investigations in May. Was that a typical month?

Mr. ABBOTT: There were 7,300 odd in May, and I am told it was fairly typical.

Mr. BLACKMORE: The minister has not had an opportunity to put his case before the country in connection with the application for consideration this spring of the beet sugar producers. I am going to ask a few questions which will enable him to give the producers the answers to the questions they want to have answered.

The first question is: Did Mr. S. R. Noble recommend on November 2 that the sugar ceiling price be advanced to $1.15 in order to give beet sugar true parity with cane?

Mr. ABBOTT: Of course I am not the expert on sugar that the hon. member for Lethbridge is. I listened with interest to his speech and I shall have to study at another time the figures which he gave. I do not suppose there is any hon. member who has a greater knowledge of the beet sugar business than he has. This is a large enterprise in his constituency. The increase in the ceiling price of sugar which took place last November was in line with the increase in world prices. My recollection is that at the same time we restored the normal duties under the tariff which gave some protection to the domestic producer of beet sugar. I do not know whether I can say anything further on the point raised.

Mr. BLACKMORE: I am afraid the minister was not able to hear just what I asked. Did Mr. S. R. Noble recommend on November 2 that the ceiling price on sugar be increased to $1.15 in order to give beet sugar parity with cane?

Mr. ABBOTT: No. I do not think Mr. Noble recommended that. The recommendation I received was from the chairman of the wartime prices and trade board. The action taken would be the responsibility of the government on the advice of the board.

Mr. BLACKMORE: The information which I have, which probably has not come to the minister, is that Mr. S. R. Noble did so recommend. I think he deserves credit for that action, which to some extent makes up for his past misdeeds. I have another ques-

tion. Did Mr. K. W. Taylor grant an increase of only $1, refusing the $1.15 recommended by Mr. Noble?

Mr. ABBOTT: The increase was one cent a pound. That was the amount recommended to the government by the chairman of the wartime prices and trade board.

Mr. BLACKMORE: I should like to know why Mr. Taylor refused to accept the recommendation of Mr. Noble to the extent of 15 cents per hundred. I should like to find out the underlying principle. The beet sugar industry would like to find out what was behind the government's madness. I would not like to say that there was some ulterior motive—

Mr. ABBOTT: Certainly not that.

Mr. BLACKMORE: —but when Mr. Noble recommended $1.15, I should like to know why Mr. Taylor cancelled or refused that and granted only $1.

Mr. ABBOTT: I am informed that there was no formal recommendation from Mr. Noble of $1.15. Mr. Taylor could not overrule a recommendation which he did not receive.

Mr. BLACKMORE: I have given the information I have. I wanted to give Mr. Noble all the credit that was due, because I have said some rather harsh things about him in the past. I still think that he recommended an increase of $1.15, and I still want to know why Mr. Taylor limited the increase to $1, why beet sugar was not brought up to parity.

Mr. ABBOTT: I think Mr. Taylor felt that was the appropriate amount by which the ceiling should be increased. Sugar is a commodity in use in every household in Canada, and it was felt that a one cent per pound increase was appropriate.

Mr. BLACKMORE: What considerations were in the minds of Mr. Taylor and his advisers? I am going to ask a few questions to help the minister to see why our minds are full of questions.

Did S. R. Noble tell a delegation of beet sugar producers on January 19, 1948 that the average f.o.b. island cost of raw cane sugar was $4.81; that the duty was 82 cents; the average freight, 50 cents; the cane refining spread, $1.95, or a total of $8.08?

Mr. ABBOTT: I am sorry, I have no information on that matter.

Mr. BLACKMORE: My information is that Mr. Noble did give that information to the beet growers. In fact I have a wire to that effect. A copy of the wire was sent to the minister; and I do not blame the minister for not remembering it. The wire was sent to him on February 11, 1948, and those facts were set out. If the minister looks through his files he will probably find the wire. Did Mr. S. R. Noble tell the same delegation that $8.08 was 19 cents above the current refined selling price? My information is that he did.

Mr. ABBOTT: I have no information as to what Mr. Noble may have told that meeting.

Mr. BLACKMORE: What is the present refined selling price? Is it still $8.08, or is it $7.89?

Mr. ABBOTT: There has been no change since November 18.

Mr. BLACKMORE: Then it must be $7.89. Is it not a fact that there is a 19-cent subsidy on cane sugar? The minister says that he is not willing to give a subsidy on beet sugar.

Mr. ABBOTT: I would not think that there would be any subsidy to the cane producers, because the laid-down cost varies from month to month.

Mr. BLACKMORE: If the laid-down refined cost of cane sugar should be found to be 19 cents higher than the price being paid for beet sugar in Canada, then in effect the cane sugar producers in Santo Domingo are being given a 19-cent subsidy when Canadian producers of beet sugar were denied a subsidy.

Mr. ABBOTT: There has been no subsidy paid to any cane sugar producer. We have bought our supplies of cane sugar in accordance with international arrangements at the going rate.

Mr. BLACKMORE: If you bought cane sugar for 19 cents more than you could have bought beet sugar, if you had been willing to make an agreement, then in effect you were paying a subsidy.

Mr. ABBOTT: As my hon. friend knows, sugar is bought from different sources. The Santo Domingo sugar to which he has referred is higher than the Cuban sugars.

Mr. BLACKMORE: The astonishing thing to any person who thinks the way I think, and I think I sometimes think straight—the astonishing thing to the people whom I represent is that the minister should be willing to go into the Santo Domingo market and bargain for hundreds of thousands of tons of sugar at a price when he is unwilling to go into the Canadian market and bargain with the beet sugar producers for a similar price. They were left to sell on the world market, but he was quite willing to give a

guaranteed price to the Santo Domingo producer. How does the minister work that out to sense?

Mr. ABBOTT: The sugars to which my hon. friend refers were bought through the British ministry of food as an open market operation, just the same as any other commodity would be purchased. Certain quantities would be bought in certain areas. I am not a technical expert on the purchase of sugar, but I am informed that that is the procedure followed. The same procedure was followed in connection with the purchase of sugar right through the war.

Mr. BLACKMORE: I cannot understand why the minister should give a certain price for sugar to the cane producer in a United States dollar area and not be able to give a similar guarantee to the beet sugar producers so that their operations could be made secure.

Mr. POULIOT: May I tell the hon. member for Lethbridge that that is one of the fallacies of imperial trade. My hon. friend knows very well that the cost price of sugar in Havana is much less than it is in any British possession. It is the duties that make the difference in cost. Last year I asked a question in the house which was answered by the then parliamentary assistant to the Minister of Finance, now the Minister of Fisheries. He told me that the price of sugar from British possessions was lower than the price of sugar from Havana, and that was true, not taking the duty into account. It is the duties on empire trade which make us pay much more for sugar. The British preference is a fallacy. I hope my hon. friend will understand that. I am all for the beet sugar industry, but I wonder whether beet sugar can sweeten things just as well as cane sugar does.

Mr. BLACKMORE: Just as well.

Mr. POULIOT: I do not know. I have been to some stores and bought beet sugar and I had to put great tablespoonfuls of it in my coffee to sweeten it.

Mr. LOW: The best chemist in the world cannot tell the difference between them.

Mr. POULIOT: It was not a chemist but my palate that told me. I found that its sweetening properties were just an illusion. Perhaps I am mistaken; I am not an expert like my hon. friend. But I want him to admit that imperial trade is a fallacy. The high duty on foreign sugar is imposed just so that we will pay less for sugar that comes from British possessions. Why should we buy our sugar from the British ministry of food? The government there is making socialist experiments. Why should we buy our sugar from them? They control sugar, they control tea, they control everything, and afterwards they complain of poverty. We should deal, as we did before, with private merchants, and then Canada would be much better off. But as it is now we have to deal in a socialist manner with a socialist government. I am against it, and I trust I shall have the support of the hon. member for Lethbridge, who is so strong against socialism. This is the time to show his sincerity by protesting against the purchase of sugar from the British ministry of food. I hope he will. We know that he is sincere, and now that he has the opportunity to demonstrate his sincerity, let him seize it.

Mr. BLACKMORE: It is not so much a matter of sincerity as a matter of knowledge and understanding.

Mr. POULIOT: I speak in black and white.

Mr. BLACKMORE: Exactly. But from my knowledge and understanding of this question I could not possibly agree with the hon. member. What I object to is that Canada should buy sugar from Santo Domingo, a United States dollar country, and pay United States dollars for that sugar, and buy it at higher prices than she is willing to pay to our own Canadian producers.

Mr. POULIOT: It is on account of the customs duties.

Mr. BLACKMORE: No, it is not. I shall be glad to discuss that privately with my hon. friend, but just now I want the minister to answer two or three questions.

The Canadian Sugar Factories Limited will go through my constituency at the beginning of the year and say to the farmers: We will pay you a certain price for all the beets you can produce on so many acres. It is definitely agreed before you plant the seed that you are to get a guaranteed minimum price, and then we will allow you to participate in the profits we make as we dispose of the sugar, the beet pulp and other by-products.

What I cannot see is why the government of Canada cannot make a similar agreement with the producers of beet sugar. Why cannot the government say to the Canadian sugar factory in Raymond: If you are going to pay your farmers a certain price for beets, we will pay you a certain price for sugar, which will constitute your cost of production and a fair profit, and you may be positively certain that every pound of sugar you produce you will be able to sell to the government at a certain

minimum price. You may get more than that minimum price, but not less; and you will be able to sell all of your sugar.

That is a perfectly sound proposition for the government to make. Can the minister say why the government should not make such an offer today?

Mr. ABBOTT: Last November I stated that the government proposed that sugar should be sold at its average laid-down cost, and that will be carried out. As to the views of the beet sugar producers, it might be well if I were to read to the committee a resolution passed by the association and quoted by me in a letter to the secretary of the association on March 3. Here is what the association resolved:

> And whereas it is the considered opinion of the directors of this association that quick recovery and normal expansion of this important agricultural industry can only be brought about by return to a completely free sugar economy, without any government buying and selling of raw cane sugar and dictating sales prices of refined sugar;
>
> Now therefore be it resolved to ask the government and all members of parliament to ask the sugar beet districts that the last remnants of sugar control be abolished by March 31, 1948, at the latest, when the emergency powers of the sugar administrator expire;
>
> And be it further resolved to request, if the government is long on raw cane sugar bought, that these quantities be liquidated by the sugar administrator to the cane sugar refineries according to consumption requirements at prevailing market prices including statutory duties, without any further powers of control as to imports, purchase or sales prices, in the same way as any other importer would do.

Mr. POULIOT: The hon. member for Lethbridge knows that the price of foreign goods is the cost price plus the customs duty.

Mr. BLACKMORE: Of course I know that.

An hon. MEMBER: Don't take all day.

Mr. BLACKMORE: I will withdraw from the field if anyone else wants to take it.

Mr. LENNARD: I do not want to get the same results you do. I want to get out of this house.

Mr. BLACKMORE: I was elected to take care of the country's business, and when the country's business is finished I am glad to go out of the house.

Mr. LENNARD: Then make it snappy.

Mr. BLACKMORE: I am trying to make it snappy, but I am calling attention to one of the most difficult problems in Canada and one of the most intricate.

Mr. LENNARD: I know all that, but make it snappy.

[Mr. Blackmore.]

Mr. BLACKMORE: Notwithstanding what those people asked for in the resolution the Minister of Finance has read, they did ask for quite another thing at another time. They submitted a letter to the minister in which they asked for specific things, and the minister will bear me out in this. I quote from the "Recommendation for guaranteed price to Canadian sugar beet producers for 1948 crop," a brief submitted January 20, 1948 by the Canadian Sugar Beet Producers Association, of Chatham, Ontario. At the end of that document they make the following request:

Mr. ABBOTT: I know the request was that the imported price of cane sugar—

Mr. BLACKMORE: That is right, but it must be borne in mind that this is just about as it is with other agricultural products. When the farmer gets the chance to make a little money because of the war, the dominion government puts its hand in and says, "No, you cannot take any advantages that derive from the war." Everybody else can, but the farmer cannot. It is the same with the beet sugar producer. Just as soon as prices were good during the war they could not get any more than just a fixed price. The government was able to control prices to prevent their making what they ought to have been able to make. Now, just as soon as prices begin to fall, what beet producers want to know is whether the government is prepared to step into the picture and prevent their receiving possible losses.

Mr. ABBOTT: I made the statement some months ago that the government did not propose to sell any kind of sugar on a subsidized basis.

Mr. BLACKMORE: Mr. Chairman, I want to read now the recommendation of this organization. They asked that the government—

> 1. Guarantee the Canadian producer a fixed price for his 1948 crop made up as follows—sugar (at San Domingo guaranteed price) $5 per hundred pounds, freight 40 cents per hundred pounds, duty $1.29 per hundred pounds and refiners spread $1.95 per hundred pounds, a total of $8.64 per hundred pounds at Canadian refining centres. This price to be adjusted at outside points to conform with the seasonal winter or summer freight rates.
>
> 2. Restore the fixed valuation and at a price of $5.65 per hundred pounds.

They also asked that the minister make an announcement not later than January 31, 1948, so that everybody, producers and farmers as well, would know where they were. If the minister wishes to read one of the resolutions that he has, I shall read another one.

The minister said that he does not favour subsidization. I am not prepared to oppose that principle if everybody is given a fair deal; but to subsidize cane producers in Santo Domingo and pay them good United States dollars when he could buy his sugar from Canada and pay in good Canadian dollars is simply not reasonable from any standard whatsoever.

Mr. POULIOT: I congratulate the hon. member for Lethbridge on his perseverance in advocating assistance to beet growers, and I am sure the minister realizes the importance of his remarks. He has done well. He has the ear of the house. He has made a fine speech, and he deserves congratulations from all for his remarks on the beet sugar industry.

Mr. BLACKMORE: Thank you.

Mr. LOW: I shall see that you get ten pounds of beet sugar for that.

Mr. PROBE: In what fields does the wartime prices and trade board still operate?

Mr. ABBOTT: There is still a ceiling price on sugar which we have just been discussing, also cane molasses, butter, salad and cooking oils other than corn oil and olive oil; copra and palm kernels; cabbages and carrots; new potatoes. These are under markup control; grapes, oranges, grapefruit, lemons, limes and tangarines are also under markup control; canned fruit juices, imported fruit juices are under markup control, the laid down price plus an approved markup. Soap, soap based detergents of all kinds and soap compounds; primary forms of iron and steel; certain grains, flaxseed, rapeseed, sunflower seed, domestic shortening, flax and oils of vegetable and marine origin are under control. These are the main items. There are some others—residential rents, of course, boarding house charges, and so on.

Mr. PROBE: That covers the major field?

Mr. ABBOTT: Yes.

Mr. PROBE: Will the minister state the present position in respect to the exceptions in the domestic rental field control?

Mr. ABBOTT: Everything is under control. The general rental ceiling is the ceiling which prevailed in November, 1941. New construction is in this position: Houses built since January 1, 1947 are completely free from control. That was announced some time ago. Other building construction is under control, but there may be varying ceilings, depending on the time of construction—in other words, buildings which were constructed between November, 1941, and January 1, 1947. These new buildings had a rent established by the rental control administration as being the fair and reasonable rental for these premises, and that rent, when established, constituted the ceiling. Then there was the increase in rentals a year ago last May for landlords who were prepared to give a two-year lease. They were authorized to increase their rents by ten per cent.

As the committee is aware, there is a provision where in cases of exceptional hardship those who purchased their properties prior to January 1, 1947—I am speaking from memory—may apply to the rental commissioners who have been set up through the country. If the commissioner is of the opinion that the landlord's need is greater, he can make an order giving the owner possession of the premises. That is a broad outline of the present position of rental controls.

Mr. PROBE: With respect to that portion of it, besides the fixing of the rental itself there is the mobility of the tenant, shall we say, which is the point here under consideration. The wartime prices and trade board, with the help of the court, may decide whether or not the tenant may retain possession of a property or must move within the categories mentioned by the minister. The minister has made no statement recently with respect to the future of this domestic rental control matter. In the meantime many persons who have bought houses, hoping to enjoy possession of them themselves, are being denied that privilege by the wartime prices and trade board. In effect they are subsidizing the tenants without any assistance from the government, because the rental of the property which they bought and which they cannot have is fixed, and almost invariably they are paying rent in an uncontrolled situation or a higher rent. I think there is an element of subsidy there which the government is not meeting, but which the owner who purchased the property for occupancy himself is meeting.

I am in agreement with government policy to control rentals, but the government has not gone far enough in this field. The government has not alleviated the situation of those people who did not have shelter. Does the minister consider that the government, under the prices stabilization corporation or through some other agency, should meet the difference in rental of a bona fide purchaser who cannot get into his own house and the rental which he is receiving from his property? That has been going on for six months or so. He cannot get possession of his property. If he could

get possession of his property, perhaps we would not receive the number of letters that we do. This is a problem which to me is the responsibility of the minister to meet in some way. What does the minister propose to do about it?

Mr. ABBOTT: This whole question of rental control has to be pretty carefully considered. It is one of the things to which I have been giving a great deal of thought, for reasons which I think the committee will appreciate. The dominion government cannot indefinitely continue in the field of rental and eviction control. One of the fundamental features of personal and property rights is that a man should be able to get into a house he owns if he wants to. It is an extremely difficult question. The prices committee has recommended that consideration be given to alleviating cases of hardship. That was done in certain cases by the setting up of these commissioners, and they have worked satisfactorily. I think it is possible that that may be somewhat extended, but certainly the dominion government could not consider going into the field of subsidizing individual owners of property because they cannot get into their houses to live in them. That would be an almost impossible task for any central government to assume. All I can say on the question of rent control is that when I have a little more free time, after the termination of the session, it is about No. 1 on my agenda for a little careful thinking as to what can and should be done in this very difficult field.

Mr. PROBE: Is the government definitely opposed to low-rental subsidies in general? Is that the present policy of the government, to oppose subsidies to low rentals?

Mr. ABBOTT: That is a completely different question and one on which I am not prepared to make a statement at the moment. It is different from the matter of rent control, which unfortunately is the responsibility of my department as part of the wartime controls. The question of subsidizing low-rental housing is another and very much larger question which does not relate to the emergency situation or the war situation. That is something which, if adopted, would be part of a permanent policy.

Mr. PROBE: In the emergency which still exists, and which is not likely to be eliminated for a long time as far as house rentals are concerned, subsidies are in effect being paid now by small landlords, and the government has recognized its own obligation in other fields of emergency but apparently is neglecting this one. I realize that these commissions are establishing the relative need as far as the bodies of their tenants are concerned; that is, the four-member family has a greater need for certain space than the two member family. That is simple. But where a family has to pay $60 a month for space and is not receiving more than $25 for its own space, that family is in effect losing $35 a month owing to government policy. The government has an obligation to these individuals. I am sympathetic to the minister because of the headaches he will have, but at the same time he also has an obligation to solve this problem. That is why he is a cabinet minister. That is why he gets the salary he does, and that is why all these other things that go to the Hon. Douglas Abbott do go to him—because he has the ability to cope with them.

Mr. ABBOTT: I may assure my hon. friend that while there are many interesting features about being a cabinet minister, in my own case the financial return is not an attraction.

Item agreed to.

Demobilization and reconversion—

91. To provide for expenses of the cabinet committee on dominion provincial relations, $30,000.

Mr. FULTON: It is two years since the dominion provincial conference was held. What functions does this committee discharge?

Mr. ABBOTT: The initial or preparatory expenses were somewhat heavier in previous years and were substantially in excess of current requirements because of additional staff and accountants required for the compilation of data and financial statistics. The current requirements relate only to the work of keeping the statistics up to date, and this results in a substantial reduction in the current year's provision. It is a small continuing organization to keep public finance statistics and data in connection with the various governmental bodies in Canada, dominion, provincial and municipal, readily available in the event of discussions with other governmental bodies relating to matters of common interest.

Mr. FULTON: Does it co-ordinate work in regard to the tourist industry?

Mr. ABBOTT: No. It is a purely statistical group, a fact-compiling group.

Mr. FULTON: Can the minister explain why it is that this year to date there have been no payments to provinces under the dominion-provincial taxation agreements? In the statement of the comptroller of the treasury

for the first two months of the fiscal year, at this time last year there was $63,000,000 paid under this agreement, whereas this year there has been no payment. Is there any change in the method of payment?

Mr. ABBOTT: I cannot answer that question offhand. The comptroller is not here. The payments are made quarterly. The explanation must be that the particular payment has not fallen due in these two months. The statutory provision for these payments, as my hon. friend will see, is contained on page 12.

Mr. FULTON: The payments are made quarterly, not monthly?

Mr. ABBOTT: Yes. It may be that the payment is due at the end of June.

Item agreed to.

General—
934. To provide for the expenses of a commission to be appointed under part I of the Inquiries Act, to inquire into prices and related subjects, as recommended by the special committee on prices, $50,000.

Mr. GREEN: What sort of commission is to be set up to carry on this inquiry into prices?

Mr. ABBOTT: I am not in a position to answer that at the moment. The matter is still under consideration by the government. This item was put in in view of the recommendation contained in the prices report, and of the probable adoption of the report. I decided that an item should be included in the supplementaries and this $50,000 appears in consequence. Assuming the committee is set up, these funds will be available for its work.

Mr. GREEN: Committee or commission?

Mr. ABBOTT: I should have said commission. It will be a commission under the Inquiries Act. Whether it will consist of one commissioner or three, I am not yet able to say.

Mr. GREEN: Is it certain there is to be a commission?

Mr. ABBOTT: My understanding is that that is certain, yes. I think I can say that to my hon. friend. The precise way in which it will be established, whether there will be one commissioner or three, I cannot yet say.

Mr. SHAW: Possibly this is an appropriate place for me to make the few remarks I am about to make. Were the member for Peace River here I am sure he would once more register a strenuous objection to the fact that the estimates of the Department of Finance always come before the house in the dying hours of the session. This has happened before and it is happening again. We do not feel that at this late hour we should engage in a prolonged debate on fundamental financial policies. On the other hand, we feel that it is a most important subject. We urge the minister to give consideration at the next session to bringing his estimates before the house at an earlier date, and we also serve notice that when that is done we shall be prepared to engage in an extensive debate on fundamental financial policies which we consider to be so extremely important especially at this time.

Mr. ABBOTT: I shall be glad to give that consideration. The reason the estimates are brought on towards the end, as a rule, though not always, is that opportunity for discussing financial policy occurs so frequently during the session. The outstanding example is of course in the presentation of the annual budget, when every member of the house is free to discuss such matters. He can voice his views as to government financial policy. During this session there have been many such opportunities. I have been on my feet putting some bill or other through nearly every day. I merely mention that as the reason why other departments are given the right of way.

Mr. SHAW: The only thing I would interject on that point is that on most occasions we are definitely restricted. When the minister finds himself on his feet, as he states, sponsoring a certain measure, it is not always possible for us to engage in debate on fundamental financial policy. I am merely serving notice that another year we will urge upon the government the necessity of bringing these estimates forward early, and will also assure the government that we shall be prepared to deal with that important subject.

Mr. MACDONNELL (Muskoka-Ontario): I should like to add one word in support of what the last speaker said. I think every word he has said is true. I should like to broaden out the reference to cover not merely finance estimates but those of other departments. This has been said a hundred times and I suppose it has happened a hundred times. I submit that it is an utterly unnecessary and inefficient method to adopt, to leave these things dragging until the last moment and find that everyone feels he has pressure on him not to speak.

Mr. ABBOTT: If hon. members opposite were a little more co-operative in allowing us

to get into supply early in the session, it might make for more expeditious handling of the estimates.

Mr. MACDONNELL (Muskoka-Ontario): That is not worthy of the minister.

Mr. ABBOTT: This complaint is made every year—

Mr. MACDONNELL (Muskoka-Ontario): Because this happens every year.

Mr. ABBOTT: —or this suggestion which goes out to the public, that the government is deliberately delaying the bringing down of the estimates. That is not so. The estimates are brought down early in the session. It is true that by reason of debate almost every time we go into supply, it takes some time to get the estimates down; and this year because of special legislation we may have been a little later in coming to consideration of the estimates. But I repeat that this impression which is created throughout the country that government expenditures are not carefully scrutinized because members cannot get up on a particular item and make a speech which has little to do with the item, is not in accordance with the facts.

Mr. MACDONNELL (Muskoka-Ontario): As I have said before on another occasion, the minister is a good advocate. When he speaks firmly and even a little bit vehemently, I always know he is a little bit dissatisfied about the thing he is advocating.

Mr. ABBOTT: It is only exasperating.

Mr. MACDONNELL (Muskoka-Ontario): No one is anxious to exaggerate in any way. I shall not spend fifteen seconds of the committee's time. We all know what happens and why it happens. If we are honest, we will all admit that we would be inclined to do the same thing if we ourselves were ministers. But this practice is all wrong and should be changed. I suppose if we keep picking at it long enough, it will be changed.

Item agreed to.

NATIONAL HEALTH AND WELFARE

782. Departmental administration — further amount required, $67,639.

Mr. BLAIR: I am sorry, Mr. Chairman, that this matter has come up for consideration on the last day of the session when we are all in a hurry to get away. The increased grants brought in by the government are worthy of more discussion than they can receive in the last few hours of the session. The question of health is much more important than many of the other things we have been discussing and on which we have had prolonged speeches. This is something that vitally affects the people of the country. I think every hon. member will agree that this matter should have been opened for discussion, and that it was worthy of a day or two in comparison with some of the other things we have discussed.

Mr. MACDONNELL (Muskoka-Ontario): Censure the minister.

Mr. BLAIR: The minister promised full discussion on this matter when we should be discussing the items of the Department of National Health and Welfare. In view of the fact that the supplementary estimates were to be brought in, we agreed at that time that there should be full discussion, and even if this is the last afternoon of the session, I feel we should not hurry over this matter. Not only is it something which vitally affects the people of this country; it entails the spending of $30,000,000 a year. Even at this late date we should spend more time on this matter; if some of these other questions were worthy of consideration, this is even more important because it affects every member of parliament and all the people of this country.

In May the Prime Minister announced increased grants for national health. We welcomed the introduction of a plan that would help out national health. The Progressive Conservative party, realizing this need, has long urged a broader program for national health and for increased grants. During the time I have been a member of this house, we have repeatedly drawn the attention of the members of the house to the urgent necessity of action to overcome the deficiencies in our national health services. No later than March of this year I spoke on this matter in the house; I stated that the time had come to enunciate and put into effect a national health program for Canada. I further stated that the objective plan of this party was one which would bring health services to every Canadian citizen regardless of race, economic status or geographical position.

A year ago I drew the attention of the house to the necessity of a national stocktaking with regard to health. There is nothing new in the program that has been introduced. We welcome it and we welcome the increased grants. I believe that every member of this house, regardless of his political affiliation, approves any measure which will cut down mortality rates and relieve human suffering. Consideration of national health measures and anything that will better the condition of the people in regard to national health should be far above any political considerations.

In introducing this policy the Prime Minister stated, as reported at page 3935 of *Hansard*:

> But what these expenditures may mean in the preservation of health, in the saving of human life, to say nothing of the lessening of human suffering and misery and not infrequently despair, is beyond calculation.

That is quite true, Mr. Chairman. But disease, death and suffering do not wait for a gradual extension of health services; nor have they waited until the government has taken action for the extension of health services. If this matter is so important now, it was important a week ago, a month ago, years ago. While life is within reach, it is cruelty to bar any opportunity to alleviate human suffering or reduce the danger of death.

Modern research is making tremendous progress in every major disease. Not only should we lend our efforts toward the elimination of disease and suffering, but in order to safeguard the state, we should make our people as healthy, physically and mentally, as we possibly can. There should be no geographic or economic boundaries in the opportunity for medical care. In the last hundred years we have made great progress and medical science has gradually brought disease under control. But it is unfortunate that the opportunity for treatment is not equal throughout the whole population. For that reason many people in Canada have not participated in the benefits medical science has provided over that period. In discussing this matter we must consider means by which these people may have the benefit of scientific advancement in the last century.

Today we have under consideration a limited plan; but while this plan is being discussed and put into operation, disease and suffering are still rampant throughout the country. That is going on at the very moment we are discussing these increased grants. Help is afforded by this legislation but during the time we are discussing it and during the time that will be required to bring it into effect, many preventable deaths will occur.

We are faced with two facts as far as health in Canada is concerned. These are facts which cannot be disputed, and I mentioned them at the time of the introduction of the estimates for national health and welfare. The first fact is that when our young men were called up for examination during the recent war some forty-two per cent were found unfit for service. If the proportion in that age group was as high as forty-two per cent at that time, the health conditions of other and older age groups must have been worse. The other fact to which I direct attention is that the infant death rate in Canada is 5·02 per thousand live births, while the comparable figure in the United States is 3·8.

On these and other grounds I am going to criticize the legislation now before us. Surely further active measures are necessary to cut down our mortality rates, beyond the increased grants announced by the Prime Minister. It is admitted that hospital and treatment facilities in Canada are inadequate, and that is borne out by the very fact of these new grants. But there is another fact we should consider, though I am not going to speak at any length on this matter. In connection with the defence of our country we must remember that the picture has changed a great deal as far as warfare is concerned. Civilians are now in the front line. The atom bomb has been discovered, and we have heard stories of germicidal and bacteriological warfare. We must not blind ourselves to the fact that this is a highly important matter in reference to national defence, and I think consideration of national health matters should be joined with that of national defence. In the war of the future these two matters will be joined together, so that the health of our civilians has become of great importance.

The other important matter as far as national defence is concerned is this alarming proportion of unfitness in our young men. If we are to build a strong nation we must have healthy people. While maternal mortality rates, infant mortality rates and mortality rates from various diseases have fallen, there are still many problems that should receive our active attention. I am sorry that today, in discussing what is probably the most important matter as far as our people are concerned, we have only a bare quorum of the house. I am going to cite some of these problems, and then it will become apparent that these health grants only touch their fringe. We are discussing grants involving an expenditure of $30,000,000. That is a great deal of money; yet this is a short-sighted policy, because sickness is costing the people of Canada, in loss of time, loss of production and the cost of treatment, $1 billion a year. So we have a comparison between $30,000,000 spent on this important matter which costs the people of Canada $1 billion a year. In view of that estimated cost, surely this policy is short-sighted.

Much has been overlooked in bringing down these grants, and many matters of vital importance have not been considered. I spoke of the infantile mortality rate in Canada, so let us consider the record in that regard. One would have thought the loss of these young Canadian citizens would be a matter of primary importance, but I fail to see anything in

these grants or in any special grants to deal with this problem. In Canada we lose approximately 15,000 infants a year. In the last twenty years—and this is an amazing figure—that is from 1926 to 1945, we lost 345,000 babies. I believe every hon. member should fix that figure in his mind, so that next year, when we consider this question of national health and welfare, every hon. member will be aware of the great loss we have suffered in this way.

An analysis of these deaths shows that many of these young Canadian citizens could have been saved if they had been given an opportunity—and again I use that word "opportunity"—of adequate pre-natal and post-natal care. That is the answer. In previous speeches in this house I have stated the statistics of the various provinces with respect to the causes of death of these infants. The fact remains that we cannot afford to lose them, and we must do something about the matter.

It is now two o'clock, Mr. Chairman.

Mr. MARTIN: I wonder if the committee is not now disposed to sit continuously.

Mr. KNOWLES: We are prepared to agree to carry on if we can have some firm commitment as to the order of business. The point is that hon. members do have to leave the chamber now and then, and they would not like to miss something in which they are particularly interested.

Mr. FOURNIER (Hull): We are ready to meet the wishes of hon. gentlemen opposite. We have in mind now that when the Minister of National Health and Welfare is through with his supplementaries we shall take up those of the Secretary of State, which include one item covering the civil service commission, and public printing. Then the two main estimates remaining are legislation and the Prime Minister's office. But if any hon. member is out when a particular item is called, we can proceed with something else.

Mr. LENNARD: When do veterans affairs come in?

Mr. FOURNIER (Hull): I have committed myself to wait until the end of the afternoon, because one hon. member who is interested is not here.

Mr. GREEN: Does any item remain under Justice?

Mr. FOURNIER (Hull): Yes; nine items in the supplementaries.

Mr. KNOWLES: Could it be left in this way, then, since we have found the Minister of Public Works very co-operative in these matters. Perhaps individual members might indicate the items in which they are interested, so that the minister will see that they are not called when such members happen to be out of the chamber.

Mr. FOURNIER (Hull): That would be agreeable.

Mr. BLAIR: There is also a grant for tuberculosis and this meets with my entire approval. Tuberculosis ranks high as the cause of death in our nation, it being seventh in the list. Unfortunately it is a disease of early life and sixty per cent of deaths from tuberculosis occur in the most productive age group of from twenty to fifty years. Sixty per cent of all tuberculosis cases entering hospitals are in that age group.

Not only that, it is an expensive disease. There is something in the nature of a new cure for tuberculosis by the use of streptomycin. This is provided for patients in veterans hospitals, but the ordinary civilian must pay for treatment. I had a case some months ago, and I found that it would cost $250 to give the patient a chance to fight this disease. The cost to the taxpayers for assistance to the family of a tuberculosis patient is $2,800. The average cost in loss of wages and hospital care for a wage earner is estimated at $5,000. Those two amounts total $7,800, and this does not take into account the lost production while the patient is in the hospital.

A comparison of the deaths per 100,000 in the dominion as a whole and in the nine provinces for the years 1921 and 1945 may be of interest. These statistics show what can be done in combating this disease. The figures are:

	1921	1945
Dominion of Canada	87·7	45·8
Quebec	123·2	71·7
New Brunswick	106·4	56·8
Nova Scotia	134	54·4
Prince Edward Island	143·8	45·7
British Columbia	77·7	38·6
Alberta	53·2	31·8
Saskatchewan	42·5	26·9
Manitoba	68·9	42·8
Ontario	71	25·3

Those figures clearly indicate that something has been accomplished in the fight against tuberculosis in the last twenty-five years. It is quite clear that more can be done. Given adequate grants, given help, we can fight this disease. We must remember that we are fighting one of the most expensive diseases that exist.

I come now to preventive medicine, especially as it concerns children. Sometimes we fail to recognize that many children die from

diseases which could be prevented. Annually we lose 1,000 children from preventable diseases, and no one can estimate the value of 1,000 children. The main diseases in this class are diphtheria, scarlet fever and whooping cough, and they could all be prevented if the proper inoculation was carried out. Much has been done by the provincial health departments working with their own resources to wipe out these diseases, and it will be only a question of time before they are brought fully under control, provided that we have adequate funds. The money being spent is small in comparison with that spent in connection with other diseases.

Apart from the contagious diseases, infantile paralysis still ranks high in the causes of death in spite of all efforts to counteract it. We have no answer to infantile paralysis; but we hope that in the future, given funds for research, given help, many of these children now in hospital may be saved from the crippling effects of this disease.

I come now to diseases affecting adults, and this is of particular interest to hon. members. We are all accustomed to reading in the papers of sudden deaths from coronary and cardio-vascular diseases, which simply means diseases of the heart and blood vessels. These stand high in the causes of death in this country. Comparatively young men, some of whom are making a great contribution to Canadian affairs, are suddenly wiped out by heart attacks. This is a matter that demands scientific investigation because we know little of the causes of these fatal attacks. It may be many years before we find this out and many unnecessary deaths may occur. More money should be spent to provide diagnostic clinics in a fight against these diseases.

I come now to psychiatry. Many people in Canada cannot afford to have psychiatric treatment, and even if they could afford it there are few high-class psychiatrists available. Mental diseases are on the increase. Apart from the mental hospitals in the various provinces, very little has been done to control and check the onrush of these mental diseases. Then we come up against the question of cost. The government has had some experience so far as hospitalization for these diseases is concerned. I shall refer to that later.

The cost of maintaining mental patients in our hospitals is simply enormous. It is interesting to note that in 1931 there were 31,686 patients in mental hospitals, but by 1945 the number had increased to 48,056. It must be noted that the population in our mental hospitals is growing at a faster rate than the general population of Canada. There is a marked shortage of beds for mental cases, and this population would be much larger if the mental hospitals could take all who should be admitted for treatment. There is a shortage of 10,000 mental hospital beds in Canada today.

Mr. ABBOTT: We estimate 24,000.

Mr. BLAIR: I am sorry the figure is so much larger. The figure I had was 10,000. Everyone does not agree as to how urgent the necessity for treatment is; but if the minister says that 24,000 beds should be provided I accept that figure, because there is no dispute so far as the minister and I are concerned as to the necessity for more beds for mental patients.

Let us look at the expenditures in Canada for mental hospitals. In 1945 the total expenditure was $22,950,837. That is the last figure I have. In the matter of costs, to this might be added 14,000,000 man-days lost in production, or an equivalent of $50,000,000. I have mentioned that we had forty-two per cent of our young men unfit, and, Mr. Chairman, of that forty-two per cent, at least one man in ten was rejected from psychiatric causes, and many medical discharges were for the same reason. Many estimates have been made of the number of Canadians who are ill of mental disease, and the cost in loss of production and maintenance would run into a staggering figure. The grant announced by the Prime Minister, while it is a help, does not begin to cover the problem. We can attack mental sickness as we have attacked physical sickness. We need a program of mental hygiene to cut down this terrific human waste. The place for early action is to deal with mental hygiene in children.

I have spoken in this house at different times regrading cancer, and there is no occasion to repeat those figures as we are all conversant with them. Cancer occupies second place in the causes of death. From 14,000 to 15,000 people in Canada die of cancer each year. There are two points I wish to make. First, thousands who would otherwise die of cancer are cured by early treatment. As many as 6,000 lives out of those 15,000 could be saved for this country each year if given an opportunity of early diagnosis and treatment. The question of opportunity is the big thing so far as saving the lives of these people is concerned.

I am going to touch shortly on venereal diseases. There is a grant for that purpose in the minister's increased estimates. The provinces are concerned with the actual treatment, and many of them are doing excellent work in the treatment of venereal disease. It is a

hard problem to deal with. But the federal government should give leadership in planning control measures with the provinces and, aided by dominion grants, should co-operate with the provinces in their activities. That has been done, but the grant of $500,000 yearly will not compare with the figures I shall give of the number of cases. These figures are startling, but I feel I should give them here. In 1946 the number of cases of syphilis reported in Canada was 15,217, and the same statistics show 26,286 cases of gonorrhea. Those are reported cases. It would be impossible to give the complete effect of those statistics, but it is sufficient to say that they add to invalidism and institutional care. Money could be saved here.

The other remark I wish to make before I leave the subject is this. I call the attention of the minister to the fact that pre-marital tests for venereal disease should be made compulsory.

Now a word regarding sickness in industry. There again the figures are astounding. It has been estimated that sickness costs the wage earners of Canada $135 million each year, and at the same time it costs the employers $200 million each year. We must consider the health of our industrial workers from the point of view, not only of their own welfare but of the welfare of the state in sustaining production. Many industrial firms in Canada have health programs for their employees and have found the value of health services.

Nutrition—I am not referring to the fact, Mr. Chairman, that it is now twenty minutes past two and we have not had our lunch—must receive consideration if we are to better the physical condition of our children. In that forty-two per cent of our young men who were found unfit we must give consideration to nutrition, to which in the past we have given too little attention. We have not regarded it as important as some other things, but we cannot overcome this percentage of unfitness unless a program is designed to meet this problem.

I have cited conditions in Canada regarding tuberculosis, cancer, infantile mortality, preventable diseases, venereal diseases, industrial health, and nutrition. I could speak of many other diseases and maternal deaths, if time permitted. It is essential in the consideration of treatment that there be hospital facilities and a sufficient number of beds for treatment. The shortage of hospital accommodation has been a problem for years. We require 62,000 hospital beds for immediate use. To build 62,000 hospital beds at the present time would cost half a billion dollars to provide the proper accommodation. The building of new hospitals and the extension of existing hospitals is not progressing in view of the high cost of construction. Many hospitals were constructed as municipal schemes and had to depend for their upkeep on philanthropic donations. We have all been through that. We must have some sort of scheme whereby the government can, by grants, assist in building new hospitals. The government is providing this assistance.

But not only are we short of hospital beds, we are also short of nurses. It is estimated that we require from 9,000 to 10,000 additional nurses in Canada to look after our population. This nursing shortage is a handicap on the hospitals in providing care for their patients. At the present time nurses are overworked and hospitals are short staffed. Not only is there a shortage of hospitals beds, but the cost of sickness and hospital attention has gone beyond the means of people in the lower income tax brackets. We had an example of that the other day. When the estimates of the Department of Veterans Affairs were before the committee a question was asked of the minister. He said that a veteran going into a hospital for non-pensionable disability, that is, for ordinary care, had to pay at the rate of $9 a day ward rate. That would be the rate in the hospital, but care would have to be provided in addition to that. The government, which is in the hospital business, has found that the cost is $9 a day. What of the poor middle-bracket income tax man such as ourselves? How is he to pay this amount? How is he to pay when it is necessary for him to provide a private room for his wife and special nurses besides? I have seen these cases. I am aware of that, and the trouble which exists. Can one wonder that this is just a paltry donation in comparison with the great need that exists? It is something that touches every citizen in Canada.

There may be new methods of diagnosis and treatment. We are doing much about this in our hospitals, but the cost of hospital care has increased beyond the means of the average citizen. On former occasions I have warned the government of the dangerous situation which will exist if we were to face another influenza epidemic. I hope it does not occur, but the cycle is coming around again. Some time it will occur, and with a shortage of 62,000 beds and 10,000 nurses it cannot be anything but a national calamity. The Prime Minister has said that the proposed grants represent the first stages of the development of a national health program in Canada. Grants for the health survey and the general health grant will give some measure of assistance to the provinces. The grants for tuberculosis control are far below the requirements

when we consider the statistics that I have given today. All will agree that the grant for crippled children is an excellent one. It is worthy of praise, but the amount of $500,000 divided among nine provinces on a per capita basis falls far short of the mark. The grant for cancer control cannot be criticized. Any donation that has been given to cut down the ravages of this terrible disease, a disease that cuts down one in eight of our population, is praiseworthy. One could not criticize a grant for that purpose. The grant for hospitals will help, but in view of the fact that we are short 60,000 beds, it is an urgent need. The cost of hospital construction has doubled. Pre-war, one would estimate that the cost of a hospital bed was about $5,000. That was the building cost. We can now calculate the amount at over $9,000.

Mr. MARTIN: For beds for acute cases.

Mr. BLAIR: Yes. To give what the minister's grant is giving, plus the grant given by the province of Ontario, will not give the incentive and impetus to which the minister referred the other day.

Let us assume that pre-war the cost of a bed was $5,000. When the amount that the minister has given is added on we are still about $1,500 short of the mark of pre-war construction. We did not get hospital beds in those days. Although it may be hoped that this will provide the impetus or the incentive for new hospital building, it falls far short of the mark.

Mr. MARTIN: I point this out to the hon. member because it may be of interest to him. I am simply being flooded by requests from hospitals, from hon. members, and quite properly so, and from elsewhere. I think I have had 600 already.

Mr. BLAIR: I know. Desperation has driven them to it; but I know of municipalities which cannot afford to give half a million dollars. That applies to small municipalities. They have to depend on gifts for their hospitals; they have to depend on municipal grants. They simply cannot undertake it. The minister has only to go to the adjoining county, where they are considering the building of a hospital, to find that out. The same problem exists all over. Where are we to get the money? In the meantime, while we are discussing this question of grants, people are dying for the want of hospital care. It is something with which we must deal. We must be realistic about it and get busy at it.

In considering these grants we come back to our friend, arthritis, which was discussed in the house on a previous occasion. I am not going to discuss it at length. I have talked arthritis here for three years. It is true that a small start has been made at Sunnybrook hospital; but in view of the fact that there are 600,000 sufferers, of whom 125,000 are totally incapacitated, it is only a paltry approach to a subject so vast.

In a week or so I shall resume my practice. Possibly I shall get an arthritis patient who will say to me, "Doctor, what is the new program? What are you going to do for me?" What can I say? I will say, "The Minister of National Health and Welfare is running a little affair up at Sunnybrook hospital. I have nothing to offer you. I have no new ideas. I have no new equipment. There is nothing further I can do." That is the position that every general practitioner in Ontario or in any other province will have to take. We have not received any help from this grant.

I might call the minister's attention to the fact that the organization known as the Canadian rheumatic disease people—the name is something like that—did not receive a grant from the government.

Mr. MARTIN: No, but they are going to under this plan.

Mr. BLAIR: I return to some of the figures. We are spending $30,000,000 a year, but sickness is costing the people of this country $1 billion a year. You cannot estimate the value of human lives. We are losing these people. We lost 345,000 babies in twenty years. We are losing these people with cancer; we are losing these people with tuberculosis, and I could go on. I say again, Mr. Chairman, that this is a paltry approach to a subject so vast. But even at that, $30,000,000 will do a lot of good, and it will be a welcome addition to the relief of human suffering. But I still say, it is insufficient when one is dealing with a question which involves human suffering and human lives. They are not to be measured in terms of dollars and cents. When the Prime Minister introduced these estimates he stated:

> But of all a nation's resources, its human resources are most precious.

The DEPUTY CHAIRMAN: Order. The hon. member has exhausted his time.

Mr. MARTIN: Continue.

Mr. BLAIR: I am going to quote the Prime Minister's statement:

> But of all a nation's resources, its human resources are most precious. The preservation in health and strength of its population is surely the best of all guarantees of a nation's power, of its progress and of its prosperity.

He said our greatest national asset was the health and well-being of our people. In view of the great need, and the statement of the Prime Minister, we have granted $30,000,000, but the Prime Minister still suggests that the health of the people is the greatest asset we have in this country.

Let me make this clear. So far as we on this side of the house are concerned, we have had this problem before us. We have been conversant with it. We endorsed the policy of national health in Winnipeg in 1942. We also endorsed the policy in 1927 when R. B. Bennett was chosen leader, and during the government of R. B. Bennett. I am attempting to show you, sir, that we are conversant with this matter. We have been alive to the situation.

In 1937 the Right Hon. R. B. Bennett introduced the Employment and Social Security Act. That act was very much the same as this and it did attempt to deal with the problem and did give increased grants, but nothing was done from that day on. The act went through the courts to the privy council and was declared ultra vires. Part of that act was later brought in by an amendment to the constitution, and I submit that something further could have been done at that time, when we got the amendment to the constitution, because I feel that the provinces would have agreed.

I have said before that the question of health services should be above any party politics and I believe that in this house it is. I am only sorry that we shall spend but an hour or so on it in the dying day of the session, when everyone is in a hurry to get home. It is not particularly because of my profession that I am interested in the subject, but I am aware of what is happening. I have had over thirty years' practical experience in this, and I did not get it from reading books. I am interested in the subject, and in view of that I think more time should have been spent on these estimates. It is unfortunate that these estimates were not brought down earlier.

So far as our party is concerned, I wish to repeat and to make clear our position in this matter, and I will quote our policy. We are in favour of this, in co-operation with the provinces, and we will bring in a national health program. We will consider the question of nutrition and better health standards, and the question of research in the control of cancer, arthritis and other diseases, and we will provide assistance for the construction of hospitals and health and recreational centres.

There is no doubt about where this party stands on this legislation and this question of grants. We approve them and will vote for them, and we will vote for them even if we do consider the amount entirely inadequate to meet the great need.

Mr. BURTON: If a layman may congratulate a professional man, I should like to congratulate the hon. member for Lanark (Mr. Blair) on the excellent way in which he has presented his point of view and that of his party.

Before I go any further, I may say I will not take the length of time he did in going over some of the matters he has discussed before in this house. I will not repeat what I and other members of this group have said on previous occasions in support of a proper and thorough national health program.

May I get to the point at once and say, while we in this group welcome the announcement made by the Prime Minister so far as it goes, we are disappointed in the fact that it does not go far enough. In our opinion the least that the government should do would be to implement the promises it made to the provinces at dominion provincial conferences, with those provinces that have signed the tax agreements. There are some provinces, including the one from which I come, which have signed away their taxation rights in certain fields. So to speak, they have leased them to the dominion government, and yet the dominion government has not come across with its share of the bargain under the circumstances under which these agreements were signed. That is why I say this does not go far enough from the standpoint of the provinces which signed the agreements.

In Saskatchewan we tried to plan our health program along the lines laid down by the dominion government in its proposals to the provinces, so that if and when the federal government gets ready to fulfil its promises that plan will work in, without any undue or unnecessary upsetting of arrangements that have been made and the advancement that we have made.

I would impress upon the minister the necessity of giving favourable consideration to the making of special grants to those provinces which had the wisdom to foresee the importance of doing something before this plan was ever announced. They have made considerable expenditures and have made progress in that line; but now, as I understand, this is apt to discriminate against the provinces that have made headway in providing proper hospitalization and other care for their citizens.

Mr. MARTIN: That is an important statement. May I assure my hon. friend that is not the case, nor will it be done.

Mr. BURTON: I am glad to have the assurance, but until this moment I was at a loss to know how the minister would provide that extra help toward expenses that we in Saskatchewan have incurred during the past several years. I am more than pleased that I have taken the time of the committee if only to get that assurance from the minister, and if that is carried out I wish to thank him on behalf of the people of Saskatchewan. In the province of Saskatchewan—

Mr. MARTIN: And the other provinces, all of which have done wonderful work.

Mr. BURTON: In the province of Saskatchewan during the past several years—I would say the past three years—we have approximately doubled our bed space in hospitals, with the help of those interested in supplying hospital accommodation in the various centres where hospitals had already been set up, and in the more remote areas of the province. The provincial government has helped the local authorities to establish hospital services for the people, with the result that, as I have said, we have practically doubled our bed space in Saskatchewan in the short period of two or three years.

As regards hospitals, while I do not wish to be critical of other provinces, I believe that in Saskatchewan, working along the lines of the proposals submitted to dominion-provincial conferences, we have laid the foundation, the groundwork, so that we can work in with an over-all national health plan. We have instituted in Saskatchewan complete hospital services for the residents of that province.

I have here a card that entitles me to admittance into a hospital on the recommendation of my physician or of any recognized physician in the province of Saskatchewan. If he prescribes hospital care for me I can go into any hospital in that province for proper treatment. I may add that if in the opinion of the doctor, or of any specialists whom he may consult, it is necessary for me to go outside the province of Saskatchewan, this card will enable me to do so. The card cost me a total of $5—

Mr. COLDWELL: For the year.

Mr. BURTON: Five dollars for the year, the maximum being $30 for a family, regardless of the number. Whether eight, ten or twelve members, the maximum is $30 in any case. That is something we have done in Saskatchewan to give the residents of that province an opportunity to be properly taken care of whenever their physicians recommend hospital treatment for them. In doing that we found it necessary to provide that extra hospital space to which I have referred.

May I say with all frankness there are some people who will rise to their feet in this house and say they want to have a national health program, but who in their own provinces have failed to go as far as we have gone in the province of Saskatchewan. While that is their own business, what I object to is the procedure when they or their friends go into the province of Saskatchewan, try to put as many stumbling blocks as they possibly can in our way in carrying out this plan in a proper manner, and endeavour to belittle it.

I say no province in the Dominion of Canada has made as much headway under as many adverse criticisms as has Saskatchewan in this connection. We are far from being satisfied yet, because we still think we have a long way to go. But we would have been able to go farther if the dominion government had lived up to the agreement as it was originally proposed, at least with those of us who signed the tax agreements.

In addition to that, I may say that every old age pensioner in Saskatchewan, whenever his or her doctor recommends hospital care, not only gets hospital care, but gets doctor's care and any other attention which he or she may need in that line. Old age pensioners, blind pensioners, plus those on mothers' allowance and their dependents are given complete health services free in the province of Saskatchewan.

In addition to that, we have free treatment for cancer. In that connection I should like to say that for quite a number of years in the past, even under the previous administration, some attempt was made to give special attention to cancer cases, and considerable progress was made. The present government went a step further and made the necessary provision whereby all cancer cases are treated free.

Just a few weeks ago at the city of Regina, a ceremony was held at the opening of a wing of the Grey Nuns hospital in that city, the construction of which had been made possible by the co-operation of the provincial government and with the understanding that part of the wing is to be entirely devoted for a number of years to cancer treatment and work. The former minister of health, who is now lieutenant governor of Saskatchewan, along with the present minister of health, and premier of the province, and members of the various political parties were present at the opening of that hospital which was a forward step by people who had sunk their party differences and rejoiced that they were able to make that

advancement with regard to the cause of health. Just from memory I would recall the words that the Premier of Saskatchewan used. He said that through hard work and sacrifices we had all realized the ambition for which we were working in the cause of health. I would commend those words to those who are prone to rise in the house and ask for an over-all national health program. In fact, I would say, let them in some of these respects follow the example set by the province of Saskatchewan.

In my final word, may I appeal to the minister that as soon as possible—and the sooner the better—we get into a proper working arrangement with the provinces that have signed these agreements. If that is done I can assure him that the health program in those provinces will go on at a speed with which he will be well satisfied.

Mr. ZAPLITNY: I wish to add a brief word to what my colleague has already said. I think one thing the members of this house agree upon is that, while in principle we are certainly in support of the sum being voted, it is totally inadequate when compared with the field that is mentioned as national health. This sum of $30,000,000 in a field of that size is, of course, quite inadequate.

I wish to refer directly to figures which appear in the proposals of the government of Canada to the provinces, in August, 1945. For example, under the heading of "initial benefits under health insurance," the total quoted is, roughly speaking, $70,000,000. If you add to that for other benefits under health insurance the figure of $78,000,000, you have already $148 million, which is the share of the dominion government alone. Then $13,000,000 more must be added under planning, organization and health grants, which together with another $13,000,000 estimated hospital assistance, would work out to about $175 million. In other words, roughly speaking, $175 million was proposed as the share of the dominion government to the provinces in the event that they entered into the tax agreements which were mentioned a while ago. The sum of $30,000,000 works out to roughly 18 per cent of that amount. In other words, the present proposal is about 18 per cent effective, having regard to the over-all picture, even so far as the federal government was prepared to go at that time. The minister may have other figures to quote which may alter that figure slightly, but I think I am fairly close to the mark.

I also wish to mention another inadequacy in the present appropriation and that is the conditions which are attached to it. For example, we find in the statement of the Prime Minister on May 14 of this year the following proviso, as reported at page 3933 of *Hansard:*

> In order to qualify for the grants, the provinces will of course be required to maintain at least their present level of expenditures in this field. This same safeguard will be attached to all the other grants it is proposed to make.

And farther on in the statement the same proviso is made in connection with hospital assistance, in these words as reported at page 3934 of *Hansard.*

> One condition which it is proposed to attach to hospital construction grants is that the province shall match the dominion contribution or better it, and that the dominion contribution shall not in any case exceed one-third of the total cost per bed in any project.

I think that proviso may have the effect of vitiating all the effectiveness there is in this provision in many respects, because in certain provinces in this dominion, in which assistance in this form is needed most, we may find they will get it least, because the provincial government in that case—and in some cases where the municipalities enter into it—may not be able to match dollar for dollar as the present proviso would ask them to do. We also find that in some provinces, and I mention in particular any one of the three prairie provinces, a complete crop failure in any one year, or a similar disaster, could prevent that province from carrying out its share of the plan. In that way they would lose the benefits to which otherwise they would be entitled. In view of the relatively small amount involved, I think the federal government should at least have made it a flat grant, regardless of what the province or municipality concerned is able to do financially.

I want also to commend the government on having provided assistance in the matter of mental health care. Some time ago there was on this subject a series of articles, which I think most hon. members read, in *Liberty* magazine. I have no doubt they were correct, since they have not been challenged by anyone; and conditions in our mental hospitals across Canada as described in those articles were deplorable. I am not proud of the fact that the mental hospital at Brandon, Manitoba, was given the doubtful distinction of being called the second worst in Canada.

Mr. MARTIN: The articles were not basically incorrect.

Mr. ZAPLITNY: Only yesterday I received a twelve-page letter from one of the patients at the Brandon mental hospital. I am not going to quote him as an authority, of course,

nor will I repeat his extravagant language. Suffice it to say that he doubted the mental capacity of those who keep him confined there, and suggested that if the minister and his colleagues were to trade places with him and those confined with him, conditions in this country might be improved.

Mr. MARTIN: Sometimes I think he is right.

Mr. ZAPLITNY: Another matter of which I am greatly in favour is the grant being made for assistance to crippled children. I regret, however, that it is confined to crippled children, because in most provinces of Canada—and I can speak of Manitoba in particular—with the exception of unorganized territory there is no assistance whatever from the provincial treasury for crippled adults. That matter is left entirely to the municipalities concerned, and some of our rural municipalities are not in a financial position which would permit them to look after these cases as they should be looked after. I understand that in Saskatchewan the provincial government now pays fifty per cent of the cost of such assistance to crippled persons, but in Manitoba and some other provinces the municipalities are burdened with the whole expenditure.

The last point I wish to mention is the fact that the proviso in connection with hospital grants in particular will work adversely in many rural areas of my province. I know many municipalities and towns in Manitoba have been trying to construct hospitals, and have expected financial assistance from this government. If the grant for that purpose is to be conditional upon an equal grant by the provincial government, and if the province does not see fit to come through with its share, I am afraid another great obstacle will be placed in the path of those municipalities.

In conclusion, I merely wish to add that, as far as I am concerned, I am happy to support this appropriation, but certainly I hope that the next time we speak about national health in this house we shall be able to talk in terms of a little more than $30,000,000 for the whole population of Canada.

Mr. MARTIN: In a matter of such great importance, Mr. Chairman, as Minister of National Health and Welfare I think there are one or two things I should say at this time. I cannot cover everything that has been said in this debate, nor do I intend to attempt to do so, but I do want to outline a few points which I think are of great importance in relation to the program which is being discussed today for the first time.

This program is predicated, as properly and legally it must be, upon co-operation with the provinces. I am happy to say that about three weeks ago I called a conference of all the provincial departments of health, to which all governments sent representatives. I can only say that a spirit of the utmost co-operation prevailed with respect to relations between the federal and provincial governments represented at that conference in the matter of this health program. A second point I should like to make with respect to that meeting is that it was called before the moneys were appropriated for the national health program. I thought the house would sanction that move, so that we would be able to launch this program with a minimum of delay. I am now able to say that within the next three weeks we shall be having ex parte meetings. Next week I shall be meeting with two governments independently, and that procedure will be continued for the next ensuing period, so that this program may be put into operation as quickly as possible.

Let no one minimize the importance of this program; for whatever one may say, it is a program of the greatest significance. My remarks now are made in the knowledge that hon. members are prepared to deal with the steps to be taken by parliament to ease the burden of human suffering caused by disease, and all in this house act in this matter of national health in a spirit of non-political interest. Of that I have no doubt; but this program is so significant in its importance that I would be remiss in my duty if I did not tell the committee exactly what it means in terms of future commitments.

Under our constitution health is a matter for the provinces, and many provinces are very properly concerned about their jurisdictional rights in the matter. Anyone holding the post I hold must keep that concern constantly in mind. This program means that on the federal level, a level not responsible under the constitution for the health of the nation, from now on in one year we shall spend on national health more than we have spent in the past twenty-seven years. That is extremely significant. It means also that in a period of ten years we as a federal government will spend $300,000,000 to assist the provinces in the field of national health.

Let no one say that I think that is fully adequate, or that I am trying to justify what has not been done in the past. I am simply indicating the importance of this new health program. It is a far-reaching program, and perhaps its significance will be better appreciated when we compare our proposals with the federal grant system recently inaugurated

in the United States. As hon. members know, that country has the same constitutional relationship and problems that we have in Canada. The administration of health belongs to the individual states, just as in our country health is a matter for the provinces. The comparison I am about to make will clearly indicate, I think, the importance and consequences of the national health program announced by the Prime Minister. Both the United States and the Canadian programs contain many features in common; for example, grants for general public health services, grants for venereal disease and tuberculosis control, grants for cancer, mental health and hospital construction. The United States grant for general public health services for the current fiscal year amounts to ten cents per capita on the basis of the 1947 population. The federal grant to our provinces under the program now before us commences at a rate of thirty-five cents per capita on the basis of the 1947 population and rises to a level of fifty cents per capita within a four-year period.

Mr. BURTON: Would the minister be able to say how many tax fields the states have surrendered to the federal authority?

Mr. MARTIN: I am not discussing this on that basis at all; I am trying to outline the extent of our program. In the field of tuberculosis control the United States grant amounts to five cents per capita, based on the 1947 figures. The Canadian grant amounts to twenty-four cents per capita on the basis of the 1947 population and rises to thirty-two cents per capita as the program develops.

The figures with regard to mental health are even more impressive. The United States grants amount to two cents per capita on the basis of the 1947 population figures. The Canadian grant begins at thirty-two cents per capita on the basis of the 1947 population figures and rises to fifty-six cents per capita as the program develops.

The United States cancer grant amounts to two cents per capita on the basis of the 1947 population figures. The Canadian grant proposed in these estimates amounts to twenty-seven cents per capita on the basis of the 1947 population figures.

Finally, with regard to hospital construction, the United States annual appropriation amounts to fifty-two cents per capita, and the Canadian appropriation amounts to $1.04 per capita on the basis of the 1947 population figures.

Only with regard to the two smallest grants —namely, for venereal disease control and for crippled children—are the United States per capita allocations slightly higher than those proposed in the government's program. The United States venereal disease control grant amounts to six cents per capita, and the grant proposed in this present program amounts to four cents per capita. The crippled children's grant in the United States amounts to five cents per capita, compared with four cents per capita in the Canadian program.

In total, the grants under the United States program for all purposes amount to eighty-two cents per capita of the population. Under the Canadian program the grants, taken altogether, are almost three times as great at the beginning, amounting to $2.32 per capita, and rise, over a period of years, to a maximum of $2.82 per capita of the population.

I mention these figures, because I feel that they will give in brief compass a clearer picture than might otherwise be possible of the comparative magnitude of this program taken in relation to what departmental undertakings in previous years have been, and also in relation to comparative undertakings by the federal government in the United States of America.

I cannot at the moment cover everything that has been mentioned today. I always listen with great interest to the speeches of the hon. member for Lanark because of their source, but I think he will be the first to admit that many of the matters which he discussed do not come directly within the sphere of federal jurisdiction. But with regard to the kind of spirit which he sought to impose on us, namely, that we should not have any limitation in our objectives, I fully agree. We cannot stop our work in trying to improve conditions that affect the health of the people of this country.

What we are doing about arthritis is not by any means, as the hon. member well knows, confined to Sunnybrook hospital. We are making arrangements with the provinces to give them particular health grants in order that there may be set up clinics throughout their jurisdictions on the basis of the Lord Horder treatment centres for arthritis and rheumatism in Great Britain.

At long last we have begun to do something in the field of arthritis, but it will take a relatively long time. These things cannot be done overnight. But finally we are doing something on a co-ordinated scale in an effort to bring about some improvement in this disease, which causes at least severe suffering to about 100,000 of our fellow citizens.

If the provinces are able to use their share of the $3,500,000 grant for cancer I do not think there is any reason why we should not have a complete system of free treatment for

cancer for those financially unable to pay for treatment in every province in this country. That is the objective about which there will be more said later after we have had further meetings with the provinces.

The program we are launching today is one of great importance to the people of Canada. We are approaching our role in a spirit of collaboration with those jurisdictions in our country that have direct legal responsibility in the field of health. It is only proper that I should say I have had from the provinces, all of them, the greatest co-operation in the inauguration of a program which I know the whole committee will agree means so much to our people.

Mr. COLDWELL: I had not intended to say anything, but perhaps I might be permitted to say just a word at this time. I know every hon. member is glad to see something being done in this field. The minister made a comparison between the United States and Canada which reflects credit on Canada, but I think we should bear in mind that the states of the union have not surrendered their taxing powers to the central authority. I think that makes quite a difference in that regard.

There is another way to compare this $30,000,000 we are to spend. It is less than we spent in two days in 1944 on war. When one makes that comparison I think it indicates some justification for what I said when the Prime Minister came before the house with this program, that it was pitifully small. Then the minister said we are to spend as much this year as we spent in the previous twenty-seven years. I am glad to know that, but that does not reflect any credit upon the government which was in power during most of those twenty-seven years. We must bear in mind that in 1919 the program of the Liberal party, which was very attractive to many people, foreshadowed this health program, but it is only after twenty-nine years that some steps are taken to carry it out.

But I want to say that we are glad it is being done. I am glad to hear the minister say this will not involve discrimination against those provinces which have tried to build up high standards in this line. I am not singling out my own province, although it has gone farther than any other, but I would point out that the western provinces have gone a long way in promoting health programs for their people. It would be grossly unfair if, after having built up a high standard, they were told that, unless they could go farther and beyond that standard, or even maintain a standard which they had put into effect believing that agreements with the provinces with regard to health would be consummated, they would be penalized.

I am glad to know that something is to be done in connection with mental health. Many of us have read, during the last few years, articles dealing with conditions in our mental hospitals, and we know they are bad. The minister of health of my own province, who happens to be the premier, has taken a great interest in this particular disease, because it was in the field of mental hygiene that he obtained his Master of Arts degree some years ago. A great deal has been done there to segregate the various types of persons suffering from mental illness.

I am glad that something is being done with regard to arthritis, but there are other diseases in connection with which I should like to see the government make some grants. I am thinking particularly of sclerosis.

Mr. MARTIN: That is covered.

Mr. COLDWELL: That disease was hardly known a few years ago, but I have many personal friends who are suffering from it today.

Mr. MARTIN: We are taking a great interest in that.

Mr. COLDWELL: I am glad to know that from the minister. May I say, on behalf of the party which I have the honour to lead in this house, that anything the government does to promote the health and welfare of the Canadian people will be supported to the fullest possible extent. We shall be ready to give all credit to the government that does it, whether it is ourselves or some other government.

Mr. HERRIDGE: I have a great interest in this matter, and I know that national health is of great interest to my constituents. My only criticism is that these grants are not larger. I support what has been said by those hon. members who have spoken previously, and I must say I enjoyed very much indeed the speech of the hon. member for Lanark. He never speaks on this subject without making a definite contribution to the knowledge of the members of this house.

I also support the criticisms offered by the hon. member for Dauphin, which I shall not repeat because of lack of time, but I think he made several pointed criticisms with regard to this plan.

I am going to support this vote, because I believe it is a real beginning in the development of a national health plan which the people of this country want. My corres-

pondence indicates that there are two subjects which are always treated on a non-partisan basis by the rank and file in all political parties, and those are veterans affairs and national health problems. Great interest was taken in this plan when it was announced in the house by the Prime Minister, and from the correspondence I have I judge that the rank and file of all political parties are seeking the same objectives in this problem of national health.

Though the amount provided is less than I had hoped, I am glad that the government has made a start in this direction; and I am certain of this, that, because of the interest of the people of Canada in national health problems and because of the demand for a satisfactory solution of those problems, this is only the beginning of a rapid development in a national health program for this country. I believe that the minister has his heart and soul in this work, and I can assure him that he will without question have the support of the great majority of the Canadian people in what he undertakes in this direction.

Item agreed to.

National health branch —

General health grants:

797. To provide for the following grants to the provinces, under terms and conditions to be approved by the governor in council: health survey grant to assist the provinces in surveying present health services and facilities, including hospitals, and in studying ways and means of improving and extending the same; to be distributed on the basis of a flat amount of $5,000 to each province and the balance according to population but the total payment available to any province in no case to be less than $15,000, $625,000.

Hospital construction grant to assist the provinces in the provision of adequate accommodation for hospital and health services; to be distributed on the basis of $1,000 per bed for active treatment beds, $1,500 per bed for chronic or convalescent beds, or in the case of other health facilities on an equivalent basis; provinces to match or exceed dominion contribution which shall in no case exceed one-third of total cost, $13,000,000.

General public health grant to assist the provinces in strengthening general public health services; to be distributed on the basis of 35 cents per capita of population, to provinces which maintain at least their present standard and extent of service in this field, $4,395,000.

Tuberculosis control grant to assist the provinces in an accelerated and intensified effort toward the eradication of tuberculosis and to extend progressively the provision of free treatment: to be distributed on the basis of a flat amount of $25,000 to each province and the balance to be divided 50 per cent on the basis of population and 50 per cent on the basis of the average number of deaths from tuberculosis in each province over the previous five years, $3,000,000.

[Mr. Herridge.]

Mental health grant to assist the provinces in the prevention of mental illness and in extending progressively the provision of free treatment; to be distributed on the basis of a flat amount of $25,000 to each province and the balance according to population, $4,000,000.

Venereal disease control grant to assist the provinces in extending and intensifying their present efforts toward the control of venereal disease; to be distributed according to population, $275,000.

Crippled children grant to assist the provinces in an intensive program for the prevention and correction of crippling conditions in children, rehabilitation and training; to be distributed on the basis of a flat amount of $4,000 to each province and the balance according to population, $500,000.

Professional training grant to assist the provinces in the training of personnel for public health and hospital staffs; to be distributed on the basis of a flat amount of $4,000 to each province and the balance according to population, $500,000.

Public health research grant to assist the provinces in stimulating and developing public health research, $100,000.

Cancer control grant to assist the provinces in programs for the control of cancer; to be distributed according to population, with any such programs for cancer control to be approved and the cost thereof to be divided equally between the dominion and the province concerned, $3,500,000.

Mr. STEPHENSON: I am sure that municipalities all over Canada welcomed the announcement that grants were to be made by the federal government for hospital construction. Several municipalities and hospitals throughout the country are asking what is necessary for them to do to get assistance in the construction and extensions contemplated. I have a letter here which illustrates the point. It is from the secretary of the Bowmanville hospital, which is planning to erect a new hospital, and says:

> As you no doubt remember, we are planning on the erection of a new memorial hospital here, and we have secured cash and promises of a little over $200,000 towards this end.
>
> Can you tell us just where we stand with regard to the promised federal aid towards projects of this kind?

Can the minister state specifically how a hospital or municipality should proceed to get this assistance?

Mr. FULTON: I understand that the general intention is that the grant will be available for the construction of new hospitals and for the payment of hospitals now in the course of construction. I know a line must be drawn somewhere, and I can imagine the difficulties which are met in drawing that line. There are many municipalities which have vastly increased their debt because no such grant was available to them before. Many have just finished the construction of

a new hospital or of a new wing. My suggestion would be that within the general limits of the program here laid down the federal government should allow a certain discretion to the province, which, I take it, will have the detailed administration of this program, so that a part of the grant which the province receives may be applied to repay a municipality for debts incurred through the recent construction of a hospital. For example, a province has already contributed something and the municipality has made a contribution toward the construction of a new hospital and has incurred debt to cover the remainder of the construction costs. Where conditions such as these exist, I suggest that the province be allowed discretion to apply a portion of these funds to relieve the municipality which had incurred debt for recent hospital construction.

Mr. WRIGHT: If a province has reached the maximum number of hospital beds required to give complete hospital service to its population, will it be allowed to use this hospital grant to provide other health services in the province, or must the grant be used only for hospital construction?

Mr. MARTIN: I anticipated that there would be wide interest in this hospital construction program, because of the great number of questions put to me privately by various members and also by the correspondence which is coming in, and which I am at the moment simply unable to meet. Therefore, to inform hon. members about the problem and as to what steps should be taken, I propose to make a statement which I hope will be of assistance to them and to the country generally.

The purpose behind this hospital construction program is not to meet situations of the past, but to try to bring about a reduction in the existing hospital bed shortage in this country which, on the basis of Doctor Agnew's report, we estimate to be between 60,000 and 65,000. The program is not to provide relief as such to municipalities or to provincial governments. It is designed for one purpose, and that is to encourage the building of new hospital beds in Canada to take care of our growing needs and demands.

The hospital construction grant program is designed to remove the deficit in hospital accommodation that exists in Canada. At the same time, since adequate hospital facilities are a prime prerequisite for health insurance, and especially for hospital insurance, it will provide a sound basis for a health insurance program.

The grants will place emphasis on proper geographic distribution and proper allocation by type of hospital, thereby correcting to a considerable extent any maldistribution of hospital facilities. Further, by providing a more satisfactory distribution of these facilities, it is hoped that the program will contribute to better distribution of doctors and health personnel.

The demand for hospital accommodation has been rising steadily for many years. The factors which have contributed to this rise in the demand for hospital care include the trend toward obstetrical care in hospital, normal population growth, the great advance in coverage by hospital insurance plans, a greater appreciation of medical services including hospital treatment, and the financial ability of a larger sector of the population to pay for hospital services. While the demand for hospital care has been steadily growing, the increase in the supply of new facilities has been retarded. Since 1940 and 1941 the situation has become acute. During the earlier years of the war a shortage of materials and skilled labour stopped practically all hospital construction except that already under way. In the latter years of the war and the years immediately following, the tremendously increased costs of construction, plus the continued shortage of materials and labour proved discouraging to building committees.

The shortage of hospitals is particularly acute with respect to rural areas. I am saying this because the municipalities are becoming large cities, and I want them to understand that we are going to deal with the provincial governments. That is the exact constitutional position. What we shall have in mind is a proper distribution of hospitals, not simply to give assistance because someone asks for it, but because, in accordance with plans jointly conceived by the provinces and ourselves, it is thought that a particular geographical section or area requires special treatment; consequently we intend to lay emphasis on the shortage of beds in rural areas.

Mr. GREEN: May I ask a question? Who is to make the decision about where the help is to be given? Is the dominion taking that responsibility?

Mr. MARTIN: Oh, no.

Mr. GREEN: Will the provinces assume that responsibility?

Mr. MARTIN: The provinces will come to us with their plans, and our officers and their officers will sit across the table, and in the

light of their common knowledge arrive at an agreement. Responsibility will not be taken initially by us.

It is important to keep in mind that any sound plan of hospital construction for the next few years should take into account the various kinds of beds required, and because of the current taking up of space by chronic patients we have given a $500 difference in grant for chronic cases as opposed to acute cases.

With regard to the problem mentioned by the hon. member for Kamloops I want to say this, and this is subject to change. As I said, we have had a conference with the provinces and we did discuss the starting date. It is about the starting date that I think I should say something, because it has interest to so many members. The provinces are now considering what their attitude shall be with regard to this particular proposal and others. Until we have final agreement, it is not possible to say exactly what the situation will be. Tentatively we had agreed on the starting date as of April 1 of this year. I may say that consideration is now being given to putting that date back to January 1. That is a matter that still has to be worked out with the provinces. Therefore, subject to unforeseen contingencies, for the purposes of the hospital construction grant the tentative date will be either April 1, 1948, or January 1, 1948. All hospital construction projects, the work on which was commenced on or after either one of these dates, depending on which one is settled on, will be eligible for assistance on a matching basis with the provinces. In the selection of this date, it must be emphasized that this grant program has been designed to encourage new construction which is urgently needed; therefore there is no justification for including hospital construction that has been completed prior to the starting date to be agreed upon. It is felt that federal funds can be most effectively spent in seeking the erection of new construction units.

However, in introducing this program it was important that current hospital construction should receive some assistance under this scheme. Many hospitals which are under construction at the present time have, because of rapidly rising costs, under-estimated their financial needs and require further assistance to complete their building projects. Accordingly, with respect to hospitals still under construction on April 1, 1948, partial grants will be made available on a pro rata basis representing that portion of the total construction costs of the given project which remains to be completed as of the starting date which, as I say, has yet to be finally decided on. This balance will be determined on the basis of an architect's certificate, certified by the province, showing the amount of construction still remaining to be completed. The federal contribution will bear the same relation to the sum of $1,000 per active treatment bed or $1,500 per chronic or convalescent bed as the portion of construction still to be completed bears relation to the total cost of construction.

Mr. WRIGHT: I appreciate the minister's statement, but he did not answer my question as to whether any province which has reached the maximum number of beds required for the hospitalization of its people will be able to use the grant for some other health purpose.

Mr. MARTIN: No; this grant is intended simply to encourage the building of new beds.

Mr. WRIGHT: Then the minister's statement that it does not include discrimination is hardly correct, because there are provinces which have, or which will reach, they hope, at least the maximum number of hospital beds within the next two or three years. If that number is reached, then they are not entitled to this hospitalization grant. They reached that maximum number of hospital beds required only through special efforts either on their own behalf or on behalf of the municipalities in those provinces. I certainly think they should be allowed to use these grants for other health facilities which they may need within the province.

Mr. MARTIN: I may say to my hon. friend there is no province in that position.

Mr. FULTON: If I may say so, the minister's statement was a sincerely logical one. The deadline had to be set somewhere. Certainly the purpose of it was to provide new accommodation. I am not going to provoke a debate, because we would probably arrive at an impasse in the matter; but I just bring this matter to his attention. If the deadline of January or April is insisted on and no discretion is left it means that the municipalities which have been progressive and courageous in attempting to meet their hospital requirements—I am not speaking only of the cities, but of larger towns which are centres of large country areas—will be penalized in comparison with those which have, for various reasons, sat back and not yet started their construction. Since there is some uncertainty, or some lack of finality, with regard to fixing the deadline, may I request the minister most urgently, while he is considering that point, to consider also the giving of a degree of discretion to the provinces where the construction meets the

other requirements outlined in the terms of this grant. I ask him to give some discretion to the provinces to make a portion of the beds available to municipalities in the position which I have mentioned. In other words, it may so happen that they have finished their construction thirty days before the deadline set, because they were progressive and courageous, and went about the job on their own hook. They would be penalized. I am sure the minister will thoroughly sympathize with that position.

Mr. STEPHENSON: As I understand it, the grant will be made by the dominion to the provinces as a lump sum. A municipality desiring assistance will have to make application to the provincial government. The federal government does not intend to allocate any moneys to any particular hospitals. That will be decided by the province. Is that right? In other words, where a particular municipality is asking for some assistance for a particular hospital—

Mr. MARTIN: They should write to the provincial government.

Mr. STEPHENSON: —the minister's position is that they should write to the provincial government?

Mr. MARTIN: That is right.

Mr. GREEN: What is the average cost per bed in Canada for the construction of hospital beds?

Mr. MARTIN: It varies. In acute cases it goes down as low as $6,000 and up as high as $10,000. In chronic cases it varies; it goes down to $5,000 and up to $8,000.

Mr. GREEN: Has the minister not struck an average for the whole of Canada?

Mr. MARTIN: I cannot. It depends on the locality. I do not think I can do any better than that. An average would not help us very much.

Mr. GREEN: That is not the point. I am asking whether the minister has an average figure.

Mr. MARTIN: No. I said that in some cases it was as high as $10,000 and in others as low as $6,000 in acute cases, with variations in between. There are hospitals constructed as low as $3,000 per bed. It depends upon the type of structure, the area and so on. We are building a hospital at James bay, an Indian hospital, that will cost us a great deal of money. The increased cost there will be due to additional transportation problems, lack of labour and so on. Much depends on such circumstances. The cost in my hon. friend's city is high.

Mr. GREEN: Why is this limitation imposed, that the dominion will in any event not pay more than one-third of the total cost?

Mr. MARTIN: What we are doing is to give $13 million for hospital construction. That is a new departure. In the 1945 proposals the offer was to provide loans at low-interest rates; but we felt, in reconsidering the problem at this time, that the inducement of a grant would have the effect of accelerating hospital construction much more than if we lent money. Obviously you must have a stopping point. The grant of $1,000 for acute and $1,500 for chronic cases is by no means an ungenerous one. In fact, the provinces, I can say from the conferences we have had, are grateful indeed for this unique assistance.

Mr. GREEN: The third heading under this item is, "general public health grant to assist the provinces". There are two questions in that regard. At the time the original announcement was made it was stated that the grant was to be increased from thirty-five cents per capita to fifty cents per capita eventually, according to the population of the provinces. There is no mention of such an increase in this amount.

Mr. MARTIN: There is.

Mr. GREEN: Is that still the arrangement?

Mr. MARTIN: Five cents each year until the fifty cents is reached.

Mr. GREEN: The minister said a few moments ago that it was under this item that help would be given in the field of arthritis.

Mr. MARTIN: Yes.

Mr. GREEN: Can he give a more detailed explanation as to how that help is to be given, the nature of it?

Mr. MARTIN: Before these grants were announced, we had had over a period of years, particularly during the last two or three years, opportunity for general discussion with all the provinces through the dominion council of health. I took advantage, during the last few months, of carrying on informal consultations with representatives of the Canadian medical association, through a special committee that had been set up to collaborate with the Department of National Health and Welfare in the discussion of these matters, so that we might get the medical practitioner's point of view. This new national health plan is based on the results of these talks with unofficial and official groups. The purposes behind the

public health grant are, first, among others, the creation of additional county or district health units and the expansion of existing health units through added staff and facilities; secondly, the extension and development of the child and maternal hygiene program; thirdly, the development of blindness-prevention and control programs; and fourthly, the development and extension of programs in the field of health education, control of poliomyelitis, arthritis and other diseases not specifically covered by the health grants.

With regard to arthritis, we encouraged the setting up, as a result of a conference held in Ottawa, of the Canadian arthritis and rheumatism society, a national body under the presidency of Doctor Wallace Graham, who is perhaps the leading rheumatologist in the country and a former collaborator of Lord Horder. That body will be given assistance through arrangements already agreed upon with the provinces, and through them and through ourselves, to further desirable remedial arthritis schemes. It is a long-term undertaking.

One of the difficulties will be to have some of this money completely utilized in the current year. Some of the provinces may find it difficult to use the full amounts of money, but our aim is to have the money fully utilized, though wisely expended.

Mr. GREEN: There are special grants for tuberculosis control, mental health, venereal disease control, the crippled children's grant and the cancer control grant. Why is there not one for arthritis?

Mr. MARTIN: Because it was thought that there was not sufficient development at the moment in that field and the money could not be wisely utilized at once. The medical profession and the provinces themselves preferred to have it done that way, to have it under the general public health grant.

Mr. WRIGHT: The minister said this money might not all be spent this year because of the inability of the provinces to match grants.

Mr. MARTIN: No, not to match grants. It is all very well to propose that we should spend money in trying to cope with this disease or that, but it is not as easy as all that, unless you want to spend the money unwisely. I can tell my hon. friend, as regards the province from which he comes, that one eminent gentleman from that very province at the recent conference told us that, not only was it perhaps in some cases difficult, but that we ought to be quite careful about spending money simply for the sake of spending it.

[Mr. Martin.]

We have to proceed according to plan. I had some experience in the disposition of some of the cancer grants under the cancer institute, and I know the sort of applications that were put in for grants and the way they were vetoed. Some applications could not possibly, in their very nature, have proved of value in the control of cancer. That is what I mean. We have to make sure that projects are well conceived. If they are they will be assisted.

Mr. WRIGHT: In the matter of cancer research, is consideration being given to having research in one central place?

Mr. MARTIN: That is not thought desirable, because several individuals might be engaged on some particular phase of cancer research in many different parts of the country, or in different parts of the world for that matter. The very nature of research lends itself to duplication, and more than duplication, to repetition in the expectation that, as a result of wide and extensive research in a given field a solution may more readily be found. It is not thought that centralization of research is a guarantee of effective results.

Item agreed to.

National health branch—
Miscellaneous grants—

798. Grant to Canadian Paraplegic Association, $15,000.

Mr. FULTON: I appreciate the inclusion of this grant in the supplementaries. I mentioned this two years ago when the association first sent its president down.

Mr. MARTIN: A very estimable gentleman.

Mr. FULTON: Yes, Mr. John Counsel is an estimable gentleman and he has produced extraordinarily fine results. Although it was a veterans' organization and the benefits were confined to veterans, it is now being extended to civilians. It is on that basis that this grant is made, I presume. The minister will correct me.

Mr. MARTIN: That is right.

Mr. FULTON: I am glad to find that it is. I thank the government, and I think the association deserves the highest commendation for the work it has done.

Item agreed to.

Civil service commission—

694. Salaries and contingencies of the commission—further amount required, $29,180.

Mr. GREEN: There is one point I should like to bring up under this item. Who is the minister?

Mr. MARTIN: I am responsible at the moment. I hope you will not test my knowledge too accurately. This is mostly for salaries.

Mr. KNOWLES: And contingencies. You are an expert on contingencies.

Mr. GREEN: I think I will wait until later.

Item agreed to.

LEGISLATION

House of Commons—

736. General administration—estimates of the clerk—further amount required, $108,000.

Mr. FULTON: On this general administration item I should like to refer briefly to the changes which were recently made in the categories of those employed in the House of Commons. The Secretary of State introduced a motion providing for a number of changes in the category of employment from temporary to permanent, and also, I believe, a separate order in council was issued providing for a number of appointments to those permanent positions. At that time I made an inquiry of His Honour the Speaker as to the number of employees of the House of Commons generally, and how many were permanent, how many were temporary continuous and how many were temporary sessional; and of those, how many served overseas, how many served in Canada and how many saw no service in either war. Then I asked, with respect to the change from temporary to permanent category, the same questions: how many served overseas, how many served in Canada only and how many did not serve in either war?

It is chiefly with respect to the employment of veterans and the granting of the veterans preference that I want to make some observations this afternoon. May I take one answer as typical. Question 6 was as follows:

Of the positions in the House of Commons staff whose category was changed from temporary to permanent employment by resolution approved by the house on May 3, how many are now filled by those who
(a) saw service overseas?
(b) saw service in Canada?
(c) saw no service?

The answer was:

Of the 135 males on the temporary continuous staff shown in 2 (b), approximately 107 are occupying positions shown as permanent on the new establishment; of this 107, 43 served overseas; 5 served in Canada; 59 had no service in either war.

This means that forty-eight served in Canada or overseas and fifty-nine had no service in either war. Those are the new positions. That means that over half the appointments to the permanent positions are made from those who had no war service. This is an extremely complicated matter, Mr. Chairman. I have been studying this reply to my question for some time, and I do not fully understand all the implications of temporary continuous and permanent employment. But it seems to me that the fact that less than half the appointments to permanent positions on the staff of the House of Commons are made from those with service in Canada or overseas in either war could give rise to some questions to His Honour the Speaker as to the extent to which the veterans preference is being followed in initial appointments to the staff of the house and in confirming those or changing them from temporary to permanent employment. I wonder if His Honour would care to make some comment on that matter?

Mr. SPEAKER: I must say to the hon. gentleman that in all the new appointments which are made, we always insist, before considering any candidate, that he should be a veteran. But you will find, as the hon. member has just mentioned, a few temporary employees who are not veterans. However, those employees have been working in the house for some time. The hon. member will understand that we cannot disorganize the service especially to take on some people who have no experience. We have kept those who are employees of the house. But when we are required to fill a new position, we always insist that the candidate should be a veteran.

Mr. FULTON: I am glad to have that assurance. There is one other point on which I should like to ask His Honour a question. Another question asked was with respect to changes in category from temporary to permanent, because I had in mind the point to which Mr. Speaker has just referred. You cannot ignore employees of long service in making these changes. I asked this question:

Of the positions changed from temporary to permanent, how many are now filled by employees
(a) with less than five years' service on the staff?
(b) with more than five years but less than ten years?
(c) with more than ten, but less than fifteen years?

The answer to that question—and I think I can summarize it without being unfair—was as follows:

The 127 remaining positions—

That is, permanent positions not already filled by permanent appointments.

—are filled by temporary continuous employees as follows:
(a) 43 with less than five years' service.
(b) 57 with more than five but less than ten years' service.

(c) 18 with more than ten but less than fifteen years' service.
(d) 3 with more than fifteen years' service.
(e) 6 new positions, et cetera, not filled by temporary continuous employees.

So that of those who are up-graded, there are forty-three out of a total of 127 with less than five years' service. As I say, this is a complicated matter; but again that might be taken as indicating that a number of these changes from temporary to permanent were made from those who have only short service; and that, coupled with the fact that of those who are now getting permanent appointments, less than half served during the war, was the thing which raised a doubt in my mind. I wonder if His Honour the Speaker would care to make any comment?

Mr. SPEAKER: As hon. members will probably remember, at the end of the last session, in the one previous and in many past sessions representations had been made in the house that employees of the house should be appointed permanently. The question has been considered by the committee on internal economy. We have decided that certain functions in the house should be recognized as permanent. A recommendation has been made, tabled in the house, accepted by the house and sent to the civil service commission. We have not recommended individuals to take such and such a function; we have recommended that such functions should be recognized as permanent. It will be up to the civil service commission to appoint those who are fitted, and who will pass the examination in order to obtain the function.

Mr. FULTON: What principles do the civil service commission follow? Do the same general considerations apply there as in all appointments, in regard to veterans preference? Is Your Honour satisfied that the veterans preference is being followed in these appointments?

Mr. SPEAKER: I may say this to the hon. member, and I believe hon. gentlemen will agree that it is only fair. I did not go to the trouble of having certain positions made permanent in order to bring in outsiders for the jobs, when we have people here who have filled those positions to the satisfaction of the house for several years. Those people were given an opportunity to apply for the positions, and I hope their applications will be accepted. My idea, and I think the idea of hon. members in asking for permanency, was not to bring people from outside when we have filling those positions employees who are devoted to their work and who have given satisfaction.

[Mr. Fulton.]

Mr. KNOWLES: First, I should like to say at least one word of commendation. I may have some complaints and requests later; but, despite the faults we may find, from the attention I have given these matters I feel that His Honour the Speaker and the Clerk deserve commendation for the efforts they have made, which as I understand it, have had two principal aims. On the one hand they have sought to move in the direction of a permanent establishment for the House of Commons employees. That is a far cry from the situation twenty or thirty years ago. I am glad that His Honour the Speaker during his term of office and Doctor Beauchesne, before he retires—if indeed that day is drawing near—should have played a part in having it laid down that House of Commons employees should have some permanency. I shall come back to this in a moment.

The other aim which I understand His Honour the Speaker and the Clerk have sought to achieve is that of keeping the House of Commons staff under the control of the House of Commons. I readily recognize, as has been brought out by the discussion we have had already, that this does create a problem, because we in the House of Commons do not want to see vitiated the principles laid down by parliament for the civil service commission. Yet I think there is something to be said for parliament being in charge of its own employees. If we did not retain that charge, the tendency would be for the House of Commons employees to become government employees. Already we have enough confusion along that line; already there are enough occasions when we ask the government certain things and are told to see His Honour the Speaker. Then, when we try to raise these questions in other ways, by presenting them to His Honour the Speaker, we are informed that these matters involve the expenditure of money and therefore recourse must be had to the government. I quoted that as a bit of digression, just to emphasize the desirability of maintaining control by the House of Commons over its own staff, without vitiating any other principles we have laid down. I am also satisfied that the employees of the House of Commons prefer to have it that way.

I offer that word of commendation to His Honour the Speaker and to Doctor Beauchesne sincerely and without qualification. However—and some hon. members may say, "Here comes the qualification"—I feel they have not gone far enough with the matter of the establishment itself. I may be told that one should be patient and wait for time to

achieve these things; but it does seem to me that in the meantime some of our most faithful employees have to continue as temporaries, hired from year to year. I do not think that is fair to them, nor is it fair to us. We simply cannot expect the kind of service we want if we ask the people who work for us to be hired from year to year, with no guarantee of permanency and no security in their later years, after they have given us service for a long period. Therefore I rise to urge again most strongly upon His Honour the Speaker that he press this matter of a proper pension plan for House of Commons stenographers, shall I say. There are others, of course; I do not speak to the exclusion of any other class of employees, but we in this chamber know the situation with respect to our stenographers and can speak about it intelligently.

This very day last session—I refer to the closing day of the third session of the twentieth parliament—when an attempt was made to get through the business so that prorogation could be had, I yielded to the suggestion not to speak on this matter in order to save time. One reason I yielded was that the Prime Minister gave me the assurance that the matter would be considered between the end of the last session and the beginning of this session. I saw to it that I received this assurance later in the form of a letter from the Prime Minister in reply to a letter I wrote him, and in subsequent correspondence even after that, with both the Prime Minister and the Minister of Finance. In that correspondence we got down to details. The sort of suggestion that seemed to evolve was that House of Commons stenographers be put on a basis comparable with that of the *Hansard* reporters. The *Hansard* reporters are permanent employees; they are paid a yearly salary. They are required to be here when the house is in session. When the house is not in session they are free to enjoy a well-deserved holiday, after listening to us for all these months, or if they are beggars for punishment they can go off and take shorthand notes somewhere else. It seems to me that that kind of basis would best meet the problem of House of Commons stenographers.

Mr. LENNARD: Apparently your negotiations did not get very far, because conditions are worse now than they were then.

Mr. KNOWLES: I thank my hon. friend for his support. That is exactly why I am not refraining from making a speech today. I refrained a year ago; and, as my hon. friend says, where did it get me, or where did it get the House of Commons stenographers? It produced an interesting file which I have upstairs, but which I did not bother to bring down because I am pretty familiar with the situation.

The suggestion I made was that a figure—I shall be reasonably conservative in this instance—of about $1,800 might be offered, which would be the salary a House of Commons stenographer would get for the year. Let her be required to be here to serve members during the session, and in the intervening period let her have a holiday or do as she wishes. Then, having given these stenographers that kind of permanency, it would not be much of a problem for the superannuation branch of the Department of Finance to work out a pension scheme.

When we have made our representations to the Minister of Finance, although he may show an interest in the matter, in the final analysis he delivers them to His Honour the Speaker. I do not expect his Honour the Speaker to work out a superannuation plan when we have experts in the Department of Finance. But before you can have a superannuation plan for the House of Commons stenographers, you must have some permanency. I am prepared and the stenographers are prepared to accept some alteration in the plan that I have proposed.

I urge His Honour the Speaker to press this matter strongly. As I said a moment ago, it is only fair to the stenographers themselves. Surely this House of Commons should be a model employer. Surely we should not fall behind in the matter of old age security. I suggest that it is only fair to ourselves as well that this matter should be fixed up.

Before I sit down I should like to refer to another matter affecting House of Commons employees. This has to do with wage and salary increases. His Honour will recall that on March 24, before we went home for the Easter recess, he indicated that the internal economy commission was considering salary and wage increases, which would be reported immediately after Easter, all of which would be made retroactive to October 1. Later that same day, when questioned in the house, His Honour the Speaker said, as reported on page 2592 of *Hansard*:

> The positions of all employees of the house are being considered at the present time by the internal economy commission of the house.

And later:

> I have every reason to believe that all the employees will be perfectly satisfied.

As a result of that statement, all employees felt that increases would be forthcoming and would be retroactive to October 1. No distinction was made in that statement between

permanent and temporary employees. Rather than make assertions myself on the basis of information that has been communicated to us, I would prefer Mr. Speaker to tell us the situation.

As I understand it, quite a number of employees have had increases granted to them, some by means of a vote of this house and others without the necessity of a vote. In some cases the increases were made retroactive to October 1. In the case of other employees, notably the men cleaners in this building, increases were granted but were made retroactive only to May. Similarly, I understand that the amanuenses who work with the *Hansard* reporters received increases, but again they were not made retroactive to October 1 as planned.

I have yet to learn whether the mechanics around the building have had any increases. The stenographers who have been asking for some permanency and for some pension plan have not had increases for a considerable time, and certainly have not had increases since the announcement was made by His Honour the Speaker on March 24.

I have tried to cover this matter in some detail, because we are all interested. I have tried not to speak in complaining tones or to be provocative. I think His Honour will recognize the sincerity of the two points of commendation I made at the outset of my remarks. I feel that not only would the employees be happier, but all hon. members of this House of Commons would be happier if His Honour could give us some assurance on these two points: first, that there will be some kind of permanency and some kind of pension plan for employees like our stenographers and, second, that there will be wage increases or salary increases retroactive to October 1 for all our employees, as indicated by His Honour on March 24.

Mr. GILLIS: I should like to say a few words on this matter. I want to start by saying that I do not think His Honour the Speaker or the Clerk of the House has any more responsibility in connection with these estimates than the individual members of this house. The Clerk of the House is an employee of the House of Commons who works for us. The Speaker is an elected member who, because of his good judgment and ability, is permitted to sit up in the chair and be almost put to sleep at times with the speeches to which he must listen. He presides over the house; that is all. I do not think hon. members should take the attitude that those two gentlemen are responsible. I have never taken that attitude. Whatever is wrong with the whole set-up in the House of Commons is the responsibility of every member of the House of Commons.

I look upon the staff of this house as working for the members of this house. We have heard many arguments in the house in favour of setting up collective bargaining machinery, national labour codes, and looking after everybody in the country outside the house, and then we take the attitude that the employees in the house are the responsibility of two people who have no more responsibility in the matter than any one of us.

The hon. member for Winnipeg North Centre went into this matter in some detail and I am not going to repeat anything that he has said. However I should like to deal with one branch, the stenographic branch. I think this offers a shining example of the way in which we are out of step with the times. Twenty years ago there were fifty-four stenographers in the pool, working in one room with one telephone and supervised by practically the same administrative staff that they have today when there are 155 stenographers, working in five rooms with six telephones. Incidentally, the rooms leave much to be desired. This indicates the terrific growth of the branch, but the administrative personnel has not increased at all.

The chief of the stenographic pool has had an increase of $400 a year in twenty-one years. That is certainly not keeping pace with the times. That is the only increase which has been given, despite the fact that there is three times as much work to do today. I think everyone will agree that a person who can manage a branch containing 155 stenographers and please the members of this house would need the patience of Job and the judgment of the Speaker. I realize the job he has on his hands and I think his salary is much too low. This matter should be looked into to see if something cannot be done.

This gentleman has one assistant who was recently appointed to that position. That person, too, is on the job all the time. That staff has the administration of the stenographic branch, which works for every department in this house. I think approximately thirty of the personnel work the year round. The three people I speak of, one a principal clerk, and the other two, the chief and his assistant, are on full time throughout the year. We all know what an assistant is. He is like a lance-corporal in the army. All the orders have to be carried out by him. He makes the unpopular decisions. He is running around in all directions. Recently the clerks of committees of this house had their salaries

increased. I find that the salary of the assistant to the chief of the stenographic branch is away below that of the clerks of committees.

The members of the house should not plead with the Speaker or blame the Speaker or request the Speaker or the Clerk of the House. I think we, the members, should say that we think the salaries should be brought into line with those of other employees of the House of Commons and with the salaries paid through the civil service commission. There should be no discrimination. That is our job. It is not our job to blame the two men who happen to be unfortunate enough to have to pilot these estimates through the house.

Then there is the question of a retiring allowance. There is a superannuation scheme for the civil service, and it is merely a matter of our determining whether the House of Commons employees should be brought under it or not. Every member of this House of Commons is aware of the fact that employees have been working in this building for twenty-five years who are still temporaries on small salaries, and many of them have about reached the retiring age. When they leave they have no pension, and no recognition is made of the services they have rendered to the members of the house during the many years they have been here. I cannot understand this business of a person working on a job for twenty-five years and still being considered a temporary. Any employee engaged in any capacity, no matter where, will have been able to demonstrate to his employer within a year whether he should be retained or not. If they have proved themselves worthy of being kept on, they should be made permanent, and whatever retiring allowance regulations apply in other departments should apply equally to them. I know a couple of old ladies who had worked in the stenographic pool for thirty years and who took sick and were laid off without half a day's salary and had to leave this building and get along as best they could without any income whatsoever. I do not think that is good enough for the members of the House of Commons, but the idea has grown up in the minds of the members that the Speaker and the Clerk are responsible. The members build a defence mechanism around themselves by blaming these conditions upon others. Actually the responsibility is on each and every member of this house, and not on the two persons we try to blame for not doing this or that or for doing the other.

The administrative staff of the stenographic pool is too small. I know that on paper there are eleven principal clerks who have been made permanent this session, and the assumption is that they are at the disposal of the chief and assistant chief of the pool, but they are not. They work upstairs in somebody else's office and have nothing to do with the administration of the pool itself. So the administrative staff of the pool boils down to two or three people.

The stenographic pool is not merely a stenographic pool for the members of this house. They are cutting stencils for every department in this building. They are working for everybody, and they are on the job night and day just as long as the members of this house are working.

I am not going to tell the Speaker what kind of superannuation scheme should be worked out. All he has to do is to pick up a telephone and get in touch with the civil service commission, which has experts who can work these things out. I believe that any employee of this house who has been working here for five years should now be made permanent, and the superannuation scheme should be made applicable to him. I do not think temporaries who are made permanents and come under the superannuation scheme should have to make up contributions for the last fifteen or twenty years, which some of them otherwise would have to do. The government should make that contribution for them. I think five years would be far enough back to go. We, the members of this House of Commons, should determine here this afternoon that in future no employee who has been here for any length of time should be retired from the service of the members of the house and sent out on the street without some income such as is drawn by retired civil servants generally.

That is all I have to say on the matter, Mr. Speaker. I want you to understand that I am not blaming you or the Clerk of the House. I am blaming ourselves, the members of this house, and I am accepting my full share of the responsibility.

Mr. RICHARD (Ottawa East): I am one of those who believe that the members of this house, to whatever party they may belong, are anxious to have efficient service from the employees of the house, and that they are also anxious to see that the rates of pay and conditions of work are the best that can be found in any part of the civil service of Canada.

While some suggestions and criticisms may be made in connection with the plan which has been submitted this year, this, after all, is but the first real forward step which has been taken, and we cannot expect in the first year to find everything we might wish for. As a matter of fact, I have no doubt, that between now and the next session of parliament, the Speaker will have considered the suggestions

which have been made as a result of the publication and approval of this plan, and that the lot of the employees of this house will be better for it. If one were to go through the different branches he could find any number of suggestions to make with regard to the employees of this house. Some have been champions of the stenographic staff, others of the messenger staff. I might, for example, say that the head of the maintenance and cleaning staff is probably not receiving anything like the salary he should have as the head of an important service, such as the cleaning and maintenance of this building. That is only a suggestion. I am sure that those who are responsible for establishing the salaries of the employees of this house will, between now and next session, consider readjusting those salaries. I shall not take up time by going into particulars.

I should like to congratulate the staff on the floor of this house. I think the chief of pages, the assistant chief and all the page boys are to be congratulated upon the work they have done and the assistance they have given us during the session. I have one suggestion to make. These young boys have been working in the mornings lately, and I should like to see the Speaker consider giving them one or two weeks' salary, as we did last year, for the extra time they have to spend here at the end of the session.

Mr. LENNARD: I would not be rising to speak at this time if the Minister of Finance had assumed his proper responsibility last evening when I spoke on item 85 in support of the stenographers of the members of the House of Commons. I wish to draw attention to what I said last evening, because the Minister of Finance said he would turn the matter over to the Speaker. I do not think it is any concern of the Speaker. However, in a few words I am going to reiterate what I said last evening, to make doubly sure that the Speaker knows of this sad state of affairs.

My complaint is this. Until a year ago when these stenographers were given temporary positions between sessions in some of the departments of government they were classed as grade 2 maximum. For the first time last year they were classed as grade 2 minimum at a reduction of $23 a month in salary. That is unfair. I heard comments this afternoon on the splendid manner in which increases have come about, and all that sort of thing. Here is an instance of members' stenographers having their salaries reduced in the temporary positions which they are qualified to take when the house is not in session. How can we expect to get good stenographers—and we need first-class stenographers in this house—if that is the way they are to be treated? To the best of my knowledge, House of Commons stenographers have not received an increase in their basic wages for the past twelve years.

Mr. McILRAITH: They have had substantial ones.

Mr. LENNARD: Since when?

Mr. McILRAITH: Each year for the last eight years.

Mr. LENNARD: They have received increases?

Mr. McILRAITH: Yes, definitely.

Mr. LENNARD: That is news to me.

Mr. KNOWLES: The hon. member is sure of that?

Mr. McILRAITH: Yes. It used to be $4 a day.

Mr. LENNARD: At any rate that is the state of affairs that I drew to the attention of the Minister of Finance last night. It is his responsibility. It was the Department of Finance, not the civil service commission, which issued the instructions that these girls should be classified as grade 2 minimum. I see the hon. member for Ottawa East shaking his head. He seems to doubt it.

Mr. RICHARD (Ottawa East): Yes, I doubt it. I think it was the civil service commission.

Mr. LENNARD: My information is that the instructions came from the Department of Finance. It does not matter who is responsible; it is wrong and it should be righted.

Mr. GREEN: When His Honour the Speaker is checking up on the different points which have been raised by hon. members who have preceded me, I wish he would check the cases of five or six members of the staff who were formerly on the protective staff. They are all veterans. Some of them were disabled. For one reason or another they were taken off the protective staff some six or seven years ago. Most of them are now messengers. One or two are on the cleaning staff. They were put on these other jobs but continued at the salaries they were receiving as protective officers. I understand that they have had no increases whatever. The salaries of other people about the building have been increased, but these men have not had any increase. They should have increases in the same way as the salaries of other members of the staff have been increased. I would ask His Honour to look into that particular situation.

There is one other matter that I should like to raise on this item. The debates reporting branch comes under His Honour the Speaker. That branch is known to hon. members as the *Hansard* office. It is a fine office. A wonderful spirit is shown there. It has always been a great help to the members of the house. This year two of the members of the staff are retiring, Mr. Frederic W. S. Galbraith, who is the associate editor, and Miss L. A. Kearns. I am sure that all hon. members will join with me, and will approve of my saying a word in praise of these two officials of the house.

Some hon. MEMBERS: Hear, hear.

Mr. GREEN: They have been here for many years. Mr. Galbraith was a parliamentary reporter from 1912 to 1936. Since that time he has been the associate editor of debates. I believe Miss Kearns has been here even longer than Mr. Galbraith. They have always shown the utmost patience in their work. Sometimes I marvel that any individual could have such patience.

Mr. HACKETT: With our speeches.

Mr. GREEN: Yes. They work late hours. They have a very difficult job. They have been very friendly and highly efficient. I am sure that we all wish them good luck in their well-earned retirement. They will not be with us another session.

It seems to me that these two officials of the house exemplify the ideal Canadian civil servant. I do not believe there is a finer civil service in the world than the Canadian civil service. As I have said, these two officials have shown the very finest spirit. We all wish them the very best of luck.

Mr. COLDWELL: May I just add a word to what the hon. member for Vancouver South has said? I was going to say something in regard to the retirement of these two officials. I shall be brief, but I do want to associate myself, and the party which I lead in this house, with what has been said. From both Mr. Galbraith and Miss Kearns we have received every courtesy at all times. The efficiency of the debates office is proverbial among members. When you think of the state of the house at times, the interjections and all the rest of it, it is amazing that seldom has an hon. member to rise in his place and make a correction, so seldom that it is unusual to see anyone do such a thing.

Miss Kearns is in charge of the records and the indexing of the topics. After one has searched *Hansard* oneself to find a reference of years back one can go to that office and get the reference with great efficiency and great speed. We all wish both Mr. Galbraith and Miss Kearns many years of leisure and of happiness in their retirement.

As the hon. member for Vancouver South has said, I believe these two officials, whom we are thus honouring today in these few remarks, are typical of the splendid type of person that we have generally in the civil service of Canada.

Mr. LOW: I am glad that the devoted services of these two officials, Mr. Galbraith and Miss Kearns, is being recognized here this afternoon. I want to join with all the others in expressing the appreciation of our group of the splendid service that we have been given. Sometimes I have wondered how it was that some of the speeches that have been given in this house appeared so good when they came out in *Hansard*. I suppose it is because of the efficiency of the people in that office. At any rate I have found them at all times very helpful and very efficient, and certainly most devoted in their duties. We all wish them in their retirement long years of happiness.

Mr. POULIOT: As senior member on this side of the house I remember the time when Mr. Galbraith used to be a reporter, and he was doing that job just as well as he does the job of editor. I know Mr. Galbraith well, but I do not call on him every day I speak because I rely on him implicitly. I have given him a blank cheque to correct, but not to add to my speeches. Sometimes I am dumbfounded to see what beautiful English is attributed to me, and it is due to Mr. Galbraith. When I want to know where I can find a statement that interests me, or that I may need, when I want to know on what day I spoke on such and such a matter, I have only to call on Miss Kearns. I believe she has the index at the tip of her fingers. She is always ready to help at any time of the evening we may call on her. I praise Miss Boyce very much also. She has retired. She also was most helpful.

I am sorry that Mr. Galbraith is going. I shall miss him. Sometimes at night, after a hard day's work, I used to go up to *Hansard* to have a little chat with him and it was quite inspiring. It helped me to forget the vicissitudes of the day.

They are all great people. I have a great admiration also for Mr. Young. He is a former *Hansard* reporter and he did his job there very well, as he does as editor.

I congratulate them all on what they have done. I express my gratitude for the services they have rendered me, and I want them to know of my admiration for those services both to myself and to my colleagues.

Before I conclude I must say that we have a good service in all the departments. The stenographers have been mentioned. They are first class. There is my friend Cyril Wright, who was forgotten for a long time. He is most helpful. He looks after the mimeographed copies. He deserves something and I am sure he will get it. There are many others that I might mention. They are congenial and helpful. I might say the same about the constables, the same about the post office. The post office is a marvellous organization, when we think of the quantity of mail that passes through it, without a letter being put in the wrong drawer. The employees there are ready to serve, and some times when you have a letter to mail they will run back to get the last mail bag to make sure that it goes. They run as if it were a letter they were personally interested in.

I think the government has done well in all these respects. I congratulate Mr. Speaker and I congratulate the Clerk, the assistant clerk and the sergeant-at-arms. I wonder if it is due to their co-operation that we have now the best House of Commons service that I can recall. You, Mr. Chairman, and the vice-chairman must not forget that you have helped us a good deal at times. Without you life would be miserable.

Mr. HERRIDGE: I wish to support the remarks that have been made by the previous speakers in their references to Mr. Galbraith on his retirement, and also the remarks that have been made with respect to the civil service as a whole.

I feel it my duty, however, to bring to the attention of the house what I regard as in some respects a gross injustice. I support the remarks made by the hon. member for Winnipeg North Centre and the hon. member for Cape Breton South in reference to employees who have been temporaries for a long period, and the scale of salaries as it applies to the staff of the House of Commons. In order that I may illustrate my point as quickly as possible, I should like to read two short paragraphs from a report submitted to the house on June 23 by the civil service commission with reference to the appointment of Mr. William Jennings as steward of the parliamentary restaurant. I quote:

> It is further recommended under section 59, that this position be exempt from section 13 of the act to permit of such appointment at the maximum of the class, $3,600 per annum, as it is understood that Mr. Jennings is in receipt of this salary at present as a temporary employee.
>
> The salary range established for the class manager of the joint parliamentary restaurant, by resolution of the House of Commons, was $3,000-$3,600 plus meals during sessions.

[Mr. Pouliot.]

At seventy-five cents a meal that would work out to about $4,000 a year.

> It is customary when an employee in the House of Commons is appointed on a permanent basis that he should not be subject to a reduction in salary.

With reference to that statement, I might say, as a member of the library committee, that we were questioning the librarian and others in regard to the number of temporary employees and we were told that the main reason why there were so many temporary employees was that, in order to become permanent, the majority of them had to accept a reduction in salary and therefore they preferred to remain temporary.

We have in this house many employees who have served the government for a long period of years—and this includes many veterans—who are still temporary and some of whom are being asked recently to take examinations looking to the possibility of appointment on a permanent basis.

Here we have an employee of this parliament who was appointed in 1946. I am not criticizing the employee but using this case as an illustration. He was appointed in 1946 as a temporary employee and in two years he is made permanent at a handsome salary, greater than a good many masters of science and technical men in the Department of Agriculture receive, men who take five years of university training and have ten years or more of field experience in addition.

I call this unfair. Here we have an exemption from examination, the position carrying a salary amounting to some $4,000 a year, for what is in reality six months' employment. I know the job is on a yearly basis, but the steward actually only has to look after the silver between sessions. Recently this position was given a $900 annual increase. Some of these employees have served this parliament for many years and they are now given $3 or $4 a month increase, and at the same time they are required at their age to write examinations in order to become permanent.

I mention these facts because I consider this permanent appointment most unfair in relation to the treatment given certain employees of the House of Commons.

Mr. REID: You are late in raising the point.

Mr. McLURE: I wish to endorse all the good things that have been said with reference to those about whom hon. members have been speaking, and I wish to add one fact for the information of the committee. I am doubly proud of the editor for the reason he is a Prince Edward Islander.

Mr. HANSELL: I do not know that I entirely agree with the hon. member for Kootenay West. I know that there may appear to be discrepancies and I am aware that when you compare a man holding the position of manager of a restaurant with a doctor of philosophy in chemistry in some department there may seem to be a considerable discrepancy. I do not favour discrepancies, but I do not wish to see the salary of a parliamentary restaurant employee brought down; I want to see the others lifted up.

The hon. member mentioned this case by way of illustration. Somehow or other you find that sort of thing all through life and I do not know whether we shall ever get away from it. Take a parliamentary secretary, a stenographer. These people have to take a business course, and yet some slip of a girl may go into a factory as a rivetter and receive more because she is turning nuts in an assembly line. She will get more than a trained stenographer. The same thing is true generally in life and I do not know how we are going to adjust these things. Certainly a parliamentary stenographer is worth more than a girl dressed in overalls working in an assembly plant, but the same is true in life. A college graduate will go out and teach school for anywhere from $125 to $200 a month. Another fellow too lazy to get through high school drives a truck at $6, $7, $8 and $10 a day. As I say, these things happen in life and I do not know that the comparison is an altogether fair one.

I will say this, as far as the parliamentary restaurant is concerned, and I believe I express the view of many members. At least this year, and perhaps for the last couple of years, the parliamentary restaurant and cafeteria have done a much better job than they used to do. That is my own personal opinion. There might be need for a little further investigation of the over-all conditions as to salaries paid to the House of Commons help. I am not now raising one case and pitting it against another, but I believe there are discrepancies. I would urge those in authority to review them again. For instance, I understand that the protective staff who look after the senate door are paid a little more than those who look after the other door. I do not know why that is.

Mr. KNOWLES: The hon. member is suspicious.

Mr. HANSELL: Perhaps the senate door is more dangerous than some other door. But the protective staff have to stand on the same hard floors. One does not have to do more than the other. It seems to be about the same kind of job. I do not know why there should be discrimination there. However, I do not intend seriously to criticize these things except to say that some thought might be given to an adjustment here and there.

Mr. BLAIR: With regard to the assistant chief and the principal clerk of the stenographic pool, I should like to know the dates of their appointments, and whether they are returned soldiers.

Mr. SPEAKER: They have been discharging these duties for three or four years as temporaries. Application has been made to the civil service commission to have permanent appointments made.

Mr. BLAIR: I wanted to know if these men are veterans.

Mr. SPEAKER: No, they are not veterans. It will be up to the civil service commission to accept them or not.

Mr. KNOWLES: I should like His Honour the Speaker to answer the main points to which I drew his attention, if he will.

Mr. SPEAKER: The hon. member for Winnipeg North Centre asked me two questions. The first was as to pensions. As he himself has mentioned, I have nothing to do with that, so he cannot expect to have an answer from me. The second question was with regard to an increase in salaries. I have told the house, as he mentioned a few minutes ago, that I was hoping an increase would be given to all employees of the house. As he knows, nearly all the employees had an increase. If there are any cases which have not yet been covered, I am sure that satisfaction will be given at some time in the future.

Mr. KNOWLES: I appreciate the answer His Honour has made to my second question. It sounded like an assurance that those who have not yet had an increase will have their cases considered even yet. As to my first question with regard to a pension plan for groups such as House of Commons stenographers, it seems to me that we are not even as far ahead as we were on the last day of the last session. On that day I had the assurance of the Prime Minister that the matter would be considered.

Mr. SPEAKER: If the hon. member will permit me to interrupt, in order to save time, I should like to say this. He himself said a few minutes ago that he did not believe it was the responsibility of the Speaker. I must say this to him. We have already done a great deal, I believe, during the last year with regard to permanent establishments and increases. I

will promise the hon. gentleman to take up that matter of pension with the proper authorities as soon as possible.

Some hon. MEMBERS: Carried.

Mr. KNOWLES: I am glad to have that promise from His Honour the Speaker, and I accept it. My only reason for taking another moment, despite the opposition to taking any time, is as a result of what happened last year. I should like to clear with His Honour the question of what I said a moment ago. I said, and I stand by it, that I do not think it is the function of His Honour the Speaker to work out the details of a pension plan. He agrees with me that details of the kind should be worked out by the experts in that field. But when we take the matter up with the Minister of Finance, in whose department those experts have been found, he says, "See His Honour the Speaker". The course which must be pursued if action is to be taken seems fairly clear. His Honour the Speaker, on behalf of members of this house who are concerned about the matter, must put the drive behind it. He can go to the Department of Finance to get the work done; but as members we shall have to depend on our first commoner to put the push behind this pension plan. I am glad to have his promise to do all he can; and I hope that when we come back in the fall, or whenever the next session is held, there will be a favourable report ready for implementation.

Mr. REID: Before this item is passed I wish to say one word, and I do so now as a result of statements that have been made to me around here that the only ones who champion the cause of the staff are members of the C.C.F. group. I wish to repudiate that right now, because I am tired of listening to statements that only that group is the voice of humanity. I wish to tell you, Mr. Chairman, and through you, the committee, that many members on this side, including myself, have gone in delegations to the Speaker and to the Clerk, behind the scenes, fighting for the staff. I wish that to be distinctly understood and to be in the record; because I recall a member of this House of Commons exposing in the house some of the things that were going on around here. I may tell you that it was just a well for him, perhaps, that he did not run again, having regard to the black looks he got in some quarters. One could say plenty about what is going on around this house, and it is not said by members; but few have the courage to get up on their feet and say it. I particularly want to say that members on this side of the house, including myself, have been fighting continuously, but of course not openly in the house; we think we can do more behind the scenes. I am putting this on record now so that the staff may understand that members on the Liberal side are thinking of the staff just as much as are members of the C.C.F. I want that made clear.

Mr. GILLIS: There is just one thing I want to say, before this item passes, with regard to what the hon. member for New Westminster has had to say. In my remarks I said that we were all responsible if there was anything wrong around this house, not merely the Speaker or the Clerk. Hon. members should not go to the Speaker or the Clerk and try to dump the responsibility on them. It is our job; and I hope that in future we will view it in that way.

The hon. member for Lanark asked whether the assistant chief and the principal clerk in the stenographic pool were veterans or otherwise. I wish to make my position clear on that point. I believe the veteran should get the preference wherever he is entitled to it, but there are hundreds of people in the employ of the government who served in that employment all during the war, and who were rejected for military service. I think it is a wrong principle to say that men who volunteered or were called up, who were rejected for service and then served for eight or ten years in certain positions, should be replaced because, through no fault of their own, they were not in the service. I want to make that clear, because I know that at least one of the persons the hon. member inquired about—that is, the assistant—is in that category. I believe we should clarify our thinking on the subject; otherwise we can get into a lot of trouble. I want to make my position clear.

Mr. POULIOT: I congratulate the hon. member on his courageous statement.

Item agreed to.

House of Commons—

741. To provide for an annual allowance to the deputy chairman of committees, $2,000.

Mr. KNOWLES: I just want to say "hear, hear" to this. We are all glad to see it in the estimates.

Item agreed to.

DEPARTMENT OF EXTERNAL AFFAIRS

695. Departmental administration — further amount required, $60,750.

Mr. HACKETT: Will the minister give us in a word the reasons for these substantial increases? The third item, for instance, entails an increase of over thirty per cent, and

the first one practically twenty per cent. Perhaps the minister will make a general statement.

Right Hon. L. S. ST. LAURENT (Secretary of State for External Affairs): At the time the general estimates were prepared it was expected that most of the commitments made in the last fiscal year would be paid out of the money appropriated for that year. This amount of $60,750 is required principally for accounts of the king's printer which related to work ordered during the last fiscal year for which the accounts did not come forward in time to be paid out of the appropriations of that year. Therefore this is in the nature of a revote, because the vote having lapsed through the expiry of time, the commitment has to be taken care of out of money that was not provided in the regular estimates. The same is true of the next item for $5,000.

Item agreed to.

697. Representation abroad—further amount required, $233,615.

Mr. ST. LAURENT: A portion of this amount is required for operating expenses, including salaries, of local engaged staff in Belgium, Italy, Russia, United States, Denmark, Poland and New York. Included in the vote is $190,000, which may or may not be expended. This amount is intended to provide for negotiations now being carried on for the acquisition of embassy premises in Rio de Janeiro. Something has been recommended to us as an opportunity to acquire premises that would be suitable for our embassy there. Though the amount appears quite large, we have confirmed from various sources that it is an appropriate price for the premises under consideration. In the long run it would mean an economy in administration expenses if, as I take it to be the case, we are permanently to be represented in the capital of Brazil. I think hon. members will feel that, as long as we do maintain representation in South America, we could not afford not to be represented in Brazil. We are not at all certain that we shall be able to secure this property, but if it can be secured at a price not exceeding $190,000 we think it would be advisable to obtain it.

Mr. HACKETT: That opportunity, if it be considered such, has presented itself since the original estimates were brought down?

Mr. ST. LAURENT: Yes. It is a property that was occupied by a prominent Canadian national who is coming away from Brazil. Our information is that we would be able to get it for a smaller number of Canadian dollars than he would be prepared to take in Brazilian currency, which would have to remain in Brazil.

Item agreed to.

702. World health organization, $200,000.

Mr. HACKETT: Will the minister explain this item? Is it something that was not foreseen at the time of the preparation of the original estimates?

Mr. ST. LAURENT: Yes. This is an assessment of Canada's contribution to the world health organization, which had not been made at the time the main estimates were prepared.

Item agreed to.

701. International wheat council, $20,000.

Mr. HACKETT: I thought this had been in existence for a long time, and we should be well acquainted with the amount necessary to maintain it.

Mr. ST. LAURENT: This amount of $20,000 is required to pay the Canadian government's contribution to the international wheat council for 1947-48. This council was set up in 1942, and consisted originally of only five members. As a result of almost continuous work by government experts since that date, an international wheat agreement has been drawn up which was signed at Washington on March 6, 1948, by the representatives of thirty-six countries. It takes the form of a multilateral bulk contract for five years, under which the three supplying countries undertake to sell and the importing countries undertake to buy 500,000,000 bushels of wheat at prices fixed in the agreement. The new agreement calls for a greatly enlarged secretariat, since it will have the responsibility of working out price equivalents, dealing with disputes and registering sales. It is expected, therefore, that at the first meeting of the new council in July, 1948, a total budget of $85,000 will be set. The share of the participating countries in the budget is to be in direct ratio to their voting power in the council, which in turn is based upon the quantities they have agreed to export or import. Canada has agreed to export 230,000,000 bushels of the total of 500,000,000 bushels, and it is therefore expected that her contribution on that basis, if the budget is $85,000, will amount to $19,550, United States funds.

Mr. HACKETT: Are Russia, Brazil and Australia members of this council?

Mr. ST. LAURENT: Australia is a member of this group. Russia and Argentina are not.

Mr. HACKETT: What about the United States?

Mr. ST. LAURENT: The United States is the second largest member of the exporting side of the group.

Mr. HATFIELD: Have the agreements been signed?

Mr. ST. LAURENT: By a resolution adopted the other day, the house gave ratification to the signature on the part of Canada.

Mr. HATFIELD: What about the United States?

Mr. ST. LAURENT: The United States has not yet dealt with it. As the hon. member knows, congress is now adjourned, and it will not be possible to have this matter dealt with until the next session.

Mr. HATFIELD: Do they all have to sign before the agreement comes into effect?

Mr. ST. LAURENT: A substantial portion is required; and the agreement is not in a position to become operative on August 1 of this year, as had been hoped.

Item agreed to.

International joint commission—

703. To provide for preliminary studies and surveys of the midwestern watershed, $30,000.

Mr. HACKETT: Has any consideration been given to the appointment of a chairman of the international joint commission?

Mr. ST. LAURENT: There are two vacancies in the Canadian section of the commission, and the position of secretary also is vacant. It is hoped that when consideration has been completed it will provide for the filling of the three vacancies.

Item agreed to.

Demobilization and reconversion—

704. To provide for the Canadian government's contribution to the international refugee organization, $5,415,000.

Mr. LOW: What is the basis upon which Canada's contribution is arrived at?

Mr. ST. LAURENT: As hon. members know, this international refugee organization arises out of a resolution which was adopted by the united nations on December 15, 1946. Canada has already made a contribution covering the first period of its operation. Under the constitution Canada's share in the administrative expenses is 3·2 per cent, which according to the budget would require $153,529 United States funds. Canada's portion of the operational expenses is 3·5 per cent, which according to the budget would amount to $5,258,024.03 United States funds.

Mr. LOW: That is the second period?

[Mr. Hackett.]

Mr. ST. LAURENT: For the second period. As the hon. member knows, this is for the maintenance of displaced persons in camps and to cover other expenses incurred by the organization which provides the equivalent of steamship transportation to such displaced persons as have come to Canada. Displaced persons are now being transported by air, but the international refugee organization pays only the equivalent of steamship transportation. The resort to air transportation has been due to the insufficiency of steamship accommodation.

Mr. LOW: During the second period how many refugees did Canada receive?

Mr. ST. LAURENT: I have not that information, but I can get it for the hon. member. It would have to come from the immigration branch and the Department of Labour.

Mr. LOW: Is the number in these camps being whittled down substantially?

Mr. ST. LAURENT: Substantial numbers have been relieved from the hardship of merely getting a sustenance in these displaced persons camps.

Mr. ADAMSON: Has the department any record of the number of persons who have been admitted to Canada as compared with the other countries who are members of the international refugee organization? What organizations in Canada are recognized as sponsors of persons in refugee camps in order that they may be admitted to Canada? Does this cover the administration of displaced persons camps on the continent of Europe or wherever they may be?

Mr. ST. LAURENT: I shall answer the third question first, if I may take them in that order. This covers all expenditures made by the international refugee organization, which would include expenditures for the maintenance of displaced persons camps on the continent of Europe. I am sorry I have not the information here with which to answer the other two questions, but I can obtain for the hon. gentleman a comparison between the number admitted to Canada and the number admitted to other countries who participate in the organization. I know in a general way that we are in advance of what would be our quota.

The hon. member asks what organizations are recognized as sponsors. I do not know that there are any such organizations. The Department of Labour and the immigration branch control these matters, and arrangements are always made so that there is a place for the displaced person to go to. If a displaced person is admitted under the regulations concerning

near relatives of residents of Canada, the Canadian resident would undertake to make proper provision for the displaced person upon arrival.

Those who have come in to augment our labour forces have gone to the mining and forest industries, as well as to the clothing trade. Arrangements are always made so that these persons will have a job on arrival. The same thing is true, as the hon. member knows, of those who come to Canada to engage in domestic service. More requests are received for these people than there are persons to take positions. The lists are prepared and approved by the immigration branch and the Department of Labour.

I assume the hon. member knows that both these departments carefully screen the applications to make sure that a displaced person can be fitted into our community. I think the general impression throughout Canada is that the employment in domestic service of persons from these camps on the continent has been extraordinarily successful. I know a great many families where these persons have taken domestic service, and taking that as a fair cross-section I think I can say that this has been a very successful operation as well as being at the same time a humanitarian one. These persons have rendered real service in Canada.

Mr. ADAMSON: I had a case where displaced persons were examined by a representative of a trade union with regard to their qualifications to fulfil the duties of that particular trade, and they were not let in because they did not come up to the specified requirements, I would like to know what method of screening was used. I happened to hear the deputy minister in charge of immigration say the other day that Canada had far exceeded the United States in this humanitarian work. I am just wondering what the screening machinery is.

Mr. ST. LAURENT: The departments have arranged for teams to visit these camps to assure so far as possible that the persons admitted could be fitted into our economy with advantage both to it and to themselves. It was felt that it would not be a humanitarian service to render to anyone to bring him here if it was not likely that he would fit into our economy.

I said a moment ago that we were ahead of any other country. I want to qualify that. The United Kingdom has taken a larger proportion of these displaced persons than we have been able to receive in Canada and I would not want to leave the other impression. It is the United Kingdom, I think, which up to the present time has the most generously provided for the rehabilitation of these poor unfortunates in the displaced persons camps.

Mr. COLDWELL: I was going to make that remark myself. Canada has done pretty well in comparison with all other countries except Great Britain. The money we have expended in connection with I.R.O. has been very much worth while, from the point of view of both Canada and the refugees themselves. I have not the official information at hand, but I have seen the figure of 10,000, which does not include the Polish soldiers, as representing the number who have been moved to Canada. Somebody suggests that it is more than that, but even if it is only 10,000, the cost of transporting that number must account for a fair proportion of the money we have already appropriated.

Surely we have an obligation to the displaced persons in these camps who share the democratic viewpoints—and I use the plural—which we hold; and whatever we can do to relieve their sufferings I think we should do. I know that the number of persons in these camps has been reduced to some extent, but I hope that the definition of a displaced person will be extended beyond that adopted in 1946. Some of those who today are fleeing from Czechoslovakia and other countries which have come under authoritarian or dictatorial rule, should have provision made for them.

But what I rose particularly to say was that there are many desirable people in these camps whom we are overlooking, and I have thought so from the time I was at the united nations meeting in the fall of 1946. I refer to the people of the Balkan countries, Lithuanians, Latvians, and Esthonians. They were at first rather frowned upon because their countries had passed under German domination, and by many they were viewed with suspicion. But many of these people are desirable, and in a higher educational category than those we have been in the habit of taking. I have learned from some of them that there is a disposition to frown upon the better educated groups in the displaced persons camps and to bring those who might do the more menial tasks in Canada. I gave a clipping to the Minister of Labour the other day which had been sent to me by some friends in the country. It indicated that one of the girls who had just come across had said that she had to "act dumb" in order to get accepted. I do not know how true that is, but I had heard it before. I have heard that it was difficult for the better educated girls to be accepted by our authorities on the ground that they might not fit into the position where it was thought they could serve best.

I hope we shall consider this in all quarters of the house not so much as an immigration policy but as a humanitarian policy. Surely the determination of our democratic countries in the past has been that we should give refuge to persons who did not want to live under the regimes that had been established in many countries of Europe and from which they had fled. I like to think that Canada will follow that tradition and bring into this country men and women who will not return to their countries of origin because they believe in democracy and in freedom. I deplore the charge hurled against myself and other members of this group that we stand for something other than democracy. That is a reflection on the political parties in countries such as Norway, Sweden, Denmark and the United Kingdom, who politically share our views.

This group in this house is interested in giving expression to the humanitarian ideal embodied in I.R.O. I know that is true of the Liberal party also, and of our Conservative friends, and I hope that by joining together we may be able to give these people a haven of refuge in their time of need. If we do, I am convinced that just as Great Britain has benefited from peoples who have gone there from Europe and brought with them wonderful skills, we too may receive the same advantages. Do not let Australia, which is very much interested in this particular group of people, get more of them than we do, and do not let these people go to South America if we can find a place for them here in Canada.

Mr. ST. LAURENT: There is at the present time a team inquiring into the qualifications and capabilities of people whom we generally describe as of the white-collar class, for the purpose of determining how they could be fitted into our Canadian economy.

Mr. COLDWELL: I am glad to hear that.

Mr. ST. LAURENT: With respect to my hon. friend's other point, that there was a rather narrow definition of those who might be regarded as displaced persons entitled to assistance under I.R.O., when those regulations were drawn and we were trying to get the consent of all, there was a restriction accepted for no other reason than that of trying to get unanimous consent. There were under our regulations persons who were admissible to Canada but were not qualified to get assistance in what is called "processing" for transportation purposes, and a special amount was included in the department of immigration vote to extend to those persons the financial advantages which they would get from I.R.O. if, for instance, they were relatives of a resident of Canada.

[Mr. Coldwell.]

The DEPUTY CHAIRMAN: I would remind the committee that these items were carried, but the hon. member for Stanstead wished to revert to item 703.

Mr. POULIOT: Item 704 is not carried, Mr. Chairman.

The DEPUTY CHAIRMAN: Yes.

Mr. POULIOT: No. I rose to speak, and at the same time the hon. member for Peace River rose, and the minister made a sign for us to sit down while he was replying to other members. I want to speak on that, and it is not adopted, sir, if you will excuse me.

The DEPUTY CHAIRMAN: I want to say to the hon. member as plainly as I can that these items are carried and have been sent upstairs. If the hon. member wishes to speak he may do so, but I hope he will not continue to contradict the chairman.

Mr. POULIOT: I do not want to contradict the chairman. The chairman knows that I love him; we are old friends. I would not contradict him for a kingdom.

My remarks will be brief. Here is an item of $5,415,000 to provide for the Canadian government's contribution to the international refugee organization. It is under the Secretary of State for External Affairs. There are other items, some under the Minister of Mines and Resources, and some under the Minister of Labour for precisely the same purpose, immigration. There are items 221, 222 and 223 in the immigration branch amounting to $3,788,000. In the supplementary estimates there are items 774, 775, 776 and 777 amounting to $2,303,137. These are under mines and resources. In the Department of Labour there is item 148, amounting to $700,000, and item 732, amounting to $250,000. Therefore, sir, we have items of $5,400,000 odd under the Secretary of State for External Affairs; items amounting to $6,092,000 under the Minister of Mines and Resources, and items amounting to $950,000 under the Minister of Labour. It is all spread out. I think it would be right to suggest that all the items that concern immigration should be either under the Secretary of State for External Affairs, the Minister of Labour or the Minister of Mines and Resources, one minister, so that there is one head to direct the immigration policies of the government. I protest strongly against the dissemination of branches of government. We find them under one minister this time, namely, the Secretary of State for External Affairs. We have to refer to the Minister of Labour and the Minister of Mines and Resources. It is complete disorder and

anarchy. I do not wish to discredit the director of immigration and his assistants; they are able fellows.

Mr. MacNICOL: The hon. member is right.

Mr. POULIOT: But the rule between them is never to mind their own business. They always look over the shoulder of somebody to read what he is writing, or to see what he is doing, and to report it and to boast that they are better than the other fellow. It is complete anarchy. If we want reform we must start it in a simple manner. We must acknowledge that all of those who are supposed to do the same thing should be together, so that necessary comparisons may be made and so that there may be a united effort in a common policy, whatever it is. If that is done, we shall be in a better position to judge the policy.

With regard to the vote, may I say that we are about to finish the session, and therefore I shall not insist upon it today but I shall have something to say on it next year. I am greatly concerned about the international refugee organization. I do not know these people. They make no report. We should know what they are doing with the money that Canada pays to them. What are the results? Who are the people that are sent here, and so forth?

Mr. ST. LAURENT: I am afraid it is my fault. Perhaps unwittingly I misled the hon. member. This amount is not an amount that is expended under the direction of external affairs. It is the contribution that the Canadian government has to make to an international organization under a constitution approved by the houses of parliament. The budget is established by the organization itself, and it is assessed against Canada. The amount I mentioned in this vote is to provide for it.

Incidentally, hon. members asked me questions as to what portion of the activities of the I.R.O. was having a direct effect in Canada. The expenditures made under the control of the Canadian government with respect either to immigration or to placement of labour are under these two departments, and this has nothing to do with the activities controlled by officers of the Canadian department.

Mr. POULIOT: I thank the minister. If anything I said did not apply to him, it surely, applies to mines and resources and to labour.

Mr. LOW: There was one word I wanted to say in regard to this $5,450,000 to the I.R.O. There is a feeling in some sections of Canada that the I.R.O. is shifting some of its responsibilities so that in the end result Canadians are paying for the passages. That was the reason I raised the question in the first place. When people properly classified in Europe as refugees try to come under I.R.O., make application to come to Canada where some of their relatives reside, it has been stated to me on a number of occasions that the relatives had to pay to get these refugees out to this country. That should not be. Has the minister any information on that?

Mr. ST. LAURENT: I have no such information. It has been my understanding, and I think that is in accord with what is taking place, that those in the refugee camps, who come within the definition of the charter, are provided for out of I.R.O. funds. There are persons eligible under our regulations to come to Canada and who happen to be in displaced persons camps who are not recognized as refugees in the definition of the constitution. It is for these persons, and in order to put them in as favoured a position as the recognized refugees, that there was included this year in the estimates of the Department of Immigration sums which could be devoted to this processing purpose by voluntary organizations which have been set up, and which are providing assistance, the know-how, that one has to have in order to get all the papers that are required to be transported.

Mr. POULIOT: I am afraid that the hon. member for Peace River is right.

Mr. ST. LAURENT: If the cases can be drawn to our attention we shall be most happy to take them up with I.R.O.

Mr. COLDWELL: I do not know what is happening over there, but I have had cases brought to my attention. In one case the money was collected. When I took up the complaint with the Department of Immigration they told me that it was collected improperly. Quite recently a domestic in Germany who was coming to this country was asked to give them $300 for passage to Canada. Whether there are some persons over there trying to take advantage of some of these displaced individuals I do not know; but I do know that the two cases I have mentioned are authentic. The hon. member for Peace River is right. I am quite sure that when it is brought to the attention of the department every effort is made to stop that kind of thing, because it is not within the I.R.O.

Mr. HLYNKA: I want to say a word on this.

The DEPUTY CHAIRMAN: Order. I must remind the hon. member that these items have been passed. What we have before us is the Department of Transport.

Mr. HLYNKA: It is so important that I want to say a word. I will take just half a minute. Perhaps I have had as many immigration cases to handle as any hon. member in the house. From experience I can tell the minister that the individual immigrant must pay for his transportation. That is the way it works out. With respect to the group movements which are brought in by industrialists, the money is refunded to the industrialists who make application for the admission of displaced persons and refugees to Canada. But so far as displaced persons are concerned, money is recovered from their relatives who make application to the immigration branch. That is the way it works in practice, and that is why I drew this fact to the attention of the Minister of Immigration a few days ago, with a view to having the matter looked into so that people who are not too well off financially and who cannot help their relatives may get some assistance.

Item agreed to.

DEPARTMENT OF TRANSPORT

Canals service—
891. Canals—construction and improvements—further amount required, $1,418,815.

Mr. GREEN: Will the minister explain this?

Mr. CHEVRIER: This is for additional requirements which were not contemplated at the time the main estimates were prepared. It represents capital construction and the acquisition of equipment for various canals under the jurisdiction of the department.

Mr. GREEN: All canals?

Mr. CHEVRIER: I did not say all, but various canals.

Mr. MacNICOL: I have had many communications from New York state endorsing the remarks I made some time ago with reference to the completion of the Chambly canal, from six to twelve feet, so that the route of travel from Sorel to New York will be by canal all the way. The minister at that time intimated that he would look into the matter. Has he had time to do so?

Mr. CHEVRIER: I have not had time since the main estimates, but I told the hon. gentleman that there was a difficulty in the way, though he did not agree with me at the time. It is a difficulty that has to be faced, and in view of negotiations under way in connection with the other project I had thought that, until that project was disposed of, I would defer looking into the other matter.

Mr. MacNICOL: May I again suggest that the minister consider it? The deepening of the Sorel-New York canal has no more to do with the St. Lawrence than the man in the moon. They are totally different.

Item agreed to.

Marine service—
898. To provide towards the construction of a lightship for the port of Saint John, N.B.—capital—further amount required, $450,000.

Mr. MACDONNELL (Muskoka-Ontario): Will the minister say a word about this? My recollection is that there was something like $1,000,000 for which provision was being made in the main estimates. Would it be for the same purpose?

Mr. CHEVRIER: The sum of $100,000 was voted for this purpose in the main estimates. This is an additional $450,000, because tenders were asked for and we require funds when the contract is given. The total cost will be $850,000.

Item agreed to.

Railway service—
901. Prince Edward Island car ferry and terminals—construction and improvement of terminal facilities—capital—further amount required, $600,000.

Mr. McLURE: In the last few days I have received complaints against me personally for not looking after matters on the Tormentine side. I received one letter that criticized me very much for conditions prevailing over there, and I thought that perhaps I might mention it to the Minister of Transport. One of the criticisms which the press got and the department received came from the premier of the province, Mr. Jones. He complained that a week ago last Monday he came down by car from Ottawa and had to wait four hours at Tormentine for a boat to take him over. Then he complained bitterly about there being no rest room accommodations at Tormentine. I explained in answer to communications I received that these were all under construction. The premier went on to say that this was a disgrace, and then he made a further remark regarding the amount that was voted. I quote:

The argument of the dominion authorities with respect to transportation facilities between the island and the mainland, the premier said, was that it had spent $7,000,000 on the terminals at Tormentine and Borden and another

$7,000,000 on the building of the *Abegweit*. "The dominion government forgets," the premier said, "that the millions of dollars of wealth produced annually by this province is spent mostly for the benefit of the central provinces."

I draw that to the minister's attention in case he has not seen this article. I am sure that when he sees it he will bring about some improvement.

Mr. CHEVRIER: Those representations have been made to me and I am giving them my attention.

Item agreed to.

Air service—
Civil aviation division—

910. Airways and airports—construction and improvements, including radio facilities—capital (revote $317,450)—further amount required, $2,086,667.

Mr. GREEN: On what airports is this money to be spent?

Mr. CHEVRIER: I will give the larger amounts. At Malton, $250,000 for the construction of a 2,000-foot extension to the east-west runway; Sydney, $75,000; Saskatoon, $125,000; Calgary, $250,000; Fredericton, $350,000. The rest is divided into small amounts varying from $50,000 down among the secondary airports. It also includes acquisition of equipment and radio services.

Item agreed to.

Air service—
Civil aviation division—

916. To authorize contribution to Trans-Canada Air Lines for improvements to airways facilities at Kinross airport, adjacent to Sault Ste. Marie, Michigan, on the great lakes route, not exceeding $19,000.

Mr. GREEN: This money is to be spent on an airport in Michigan. Under what arrangement is Canada spending money on an American airport?

Mr. CHEVRIER: This is an airport used in the great lakes route. Very often, because of weather conditions, T.C.A. has to go down on the American side. There is a certain tip of Michigan across which the T.C.A. must fly, and rather than build an airport in American territory we find it cheaper to ask the Americans to spend this money. This is the authorized contribution to Trans-Canada Air Lines for improvements they have made to Kinross airport and the money they have paid to the city of Sault Ste. Marie, Michigan, on this route. It is in the amount of $19,000.

Mr. GREEN: Does the T.C.A. pay rental for the use of the field? I have landed there myself, and I am wondering what the arrangement is.

Mr. CHEVRIER: No. It is not a rental. The arrangement is one whereby the amount of money that is required to make facilities available to T.C.A. is paid by it and the department reimburses T.C.A.

Mr. GREEN: Is there not some reciprocal arrangement with the United States? American lines use many of our Canadian airports, and it would seem that there should be some arrangement between the two governments whereby Trans-Canada Air Lines could use American airports and the Americans could use ours.

Mr. CHEVRIER: I am not aware of such an arrangement. In the establishment of the direct air route between Toronto and Winnipeg, via Sault Ste. Marie, there was some question of the construction of an airport at Sault Ste. Marie, Ontario, but after that had been considered, particularly the high cost of construction of that field in comparison with one already in existence, the latter was adopted. It was thought, with the high cost of construction of the field, as compared with the one already in existence, it would be much more profitable to ask the Michigan authorities to allow T.C.A. to operate on this basis. There was no vote provided in the estimates to cover an arrangement such as this. I am not able to tell the hon. gentleman what other expenditures have been made on this field by Canada. I could get the information if he requires it. But this is unquestionably a small amount that is required, and I would think much more than this has been spent by Canada.

Mr. GREEN: Do the Americans not pay anything at all for the use of the airports? They are running lines into Canada at many centres.

Mr. CHEVRIER: Yes, there is a tariff of fees. Perhaps the hon. gentleman was not here when that discussion took place at some length. I have tabled here the charges that are made in this country to United States lines and other lines at our airports. It is quite a complicated thing. It depends upon the weight of the plane, the load it carries, and the like.

Mr. GREEN: Do they contribute anything for improvements to our airports?

Mr. CHEVRIER: No, they do not contribute anything other than by paying this tariff of fees.

Mr. GREEN: I suppose we pay fees at Sault Ste. Marie, Michigan, as well as pay for improvements, do we not?

Mr. CHEVRIER: I do not think we do. The reason why this and the following item are set up under separate votes is that this is a different arrangement entirely with the United States. It is not one which is included in the general vote for operation of airfields. For that reason it was not lumped with all the other airfields. This is a separate situation, under special circumstances. For that reason I think there is no similar arrangement. But I should not like to be too positive of that.

Mr. MacNICOL: Item 917 covers the same type of circumstances?

Mr. CHEVRIER: Yes.

Mr. KNOWLES: Can the minister indicate the nature of the improvements to Kinross airport? As I understand it, it was built during the war as a defence project; and any who have been there recognize that, with its concrete runways, it is about the best in North America.

Mr. LENNARD: What improvements could be made?

Mr. CHEVRIER: This item is to authorize contribution to Trans-Canada Air Lines for improvements to airways facilities at Kinross airport. It is to provide for payment to T.C.A. of its share of the cost of installing runway lighting to meet T.C.A. operational standards and requirements at Kinross. The total cost of this improvement was $28,891, toward which the state of Michigan contributed $10,000; and the remainder of $19,000 is to cover the agreement made by the airlines.

Item agreed to.

Air service—
Civil aviation division—

917. To authorize contribution of an amount not exceeding $137,490 to the state of Michigan, U.S.A., Department of Aeronautics, towards the cost of operation and maintenance of certain airways facilities at Houghton and Grand Marais, Michigan, U.S.A., for use of Canadian aircraft, as certified to by the controller of civil aviation and approved by the Minister of Transport, $137,490.

Mr. CASTLEDEN: What is the nature of these facilities that are being provided under this item of $137,000? I do not understand it. I do not think there is any landing field there, unless it might be an emergency one.

Mr. CHEVRIER: Yes. The position is the same here as at Kinross. It is on the great lakes route and these are facilities for T.C.A. This is a contribution to the state of Michigan for operation and maintenance of certain air facilities for the use of our planes at Houghton and Grand Marais, Michigan. At Houghton the expenditure is broken down as follows: operation of radio range, $21,520; airport operations, $63,000; and at Grand Marais, Michigan, operation of radio range, $22,550; airport operation, $30,420.

Mr. CASTLEDEN: What is meant by airport operation? Does that mean maintenance of an emergency flying field?

Mr. CHEVRIER: Yes, that is right. This airfield is operated by the Americans, and we reimburse the Americans for this expenditure.

Mr. CASTLEDEN: Are there two emergency airfields? Are they constructed at the present time?

Mr. CHEVRIER: Yes. They are in operation.

Mr. CASTLEDEN: They are in operation as airfields?

Mr. CHEVRIER: Yes.

Mr. CASTLEDEN: Are they emergency landing fields or regular fields?

Mr. CHEVRIER: No, they are not emergency landing fields. They are airfields which are used by the T.C.A. on the great lakes air route. They are built by Canadian funds. This work is actually done with Canadian funds and handed over to the state of Michigan. They are on the Toronto-Winnipeg line.

Mr. CASTLEDEN: They are not on the schedule. They are not used.

Mr. KNOWLES: They are emergency stops.

Mr. CASTLEDEN: They must be emergency stops if they are anything, because there is only one stop between Toronto and Winnipeg on that route, and that is at Sault Ste. Marie.

The DEPUTY CHAIRMAN: Carried.

Mr. GREEN: No. I should like to find out more about this. Were these airports built by Canada?

Mr. CHEVRIER: No, they were not built by Canada; but the funds were provided by Canada.

Mr. GREEN: In effect then they were airports installed by the Trans-Canada Air Lines. Is that the position?

Mr. CHEVRIER: I would rather put it in my own words. The position is that these are Canadian funds. This amount of $137,940 consists of Canadian funds that have been paid over to the state of Michigan for the operation and maintenance of these fields. They are built by the Americans in accordance with the terms of the aeronautics act of the United

States and they are in use not as regular stops —perhaps I created the impression a moment ago that they were—but as emergency fields.

Mr. GREEN: They are really emergency landing fields for Trans-Canada Air Lines. Is that the position?

Mr. CHEVRIER: That is right.

Item agreed to.

Air service—
Meteorological division—

918. Meteorological services—further amount required, $165,980.

Mr. ARGUE: As the minister is well aware, at the present time many areas of western Canada are suffering from drought. I have had a number of farmers ask me recently if there are any regulations to prevent them from hiring people who are in the business of rain making. I know of some areas in which attempts are being made to collect $1,000 to hire somebody to come out and drop a bit of dry ice in the hope that some rain will fall. I should like to know if there are any regulations the farmers must comply with before they can get these people out on a rain making operation, and if the government is giving any assistance toward running an operation of that kind.

Mr. CHEVRIER: This is a meteorological service which is operated in connection with the air services. It provides services also for the Department of Transport. But I am afraid that it would not be possible, under this item, to give to my hon. friend the assistance that he would want.

Mr. ARGUE: Can the minister give me any information as to whether there are any regulations that the farmers will have to comply with before they can get rain making operations started in their localities?

Mr. CHEVRIER: I do not think this vote covers the case that my hon. friend raises. This vote is to provide for the salaries of meteorologists at various weather stations in the northern part of Canada.

Mr. ARGUE: Then would the minister give me the information some other time?

Mr. CHEVRIER: Yes, if I can get it.

Item agreed to.

Air service—
Radio division—

919. Administration of the Radio Act and regulations—further amount required, $163,400.

Mr. MACDONNELL (Muskoka-Ontario): How much is required for the administration of the Radio Act and regulations? Here we have more than $160,000 additional.

Mr. CHEVRIER: That is perhaps misleading, and I do not blame my hon. friend for asking the question. This vote is to provide for the operation and maintenance of four ionospheric stations. An ionospheric station is pretty much the same as a meteorological station but in another field. It measures the electricity in the air in reference to radio transmission, and from it we can tell whether the weather is suitable for radio transmission, just as the meteorological station tells us whether we are to have good or bad weather for flying. This vote provides for the operation and maintenance of four of these stations which will be built at Moosonee, Fort Chimo, Baker lake and Resolute bay. They are to be built for the purpose of supplying information to the defence research board, which is providing the funds. I understand that those funds have been voted already, and this amount is for the maintenance and operation of these stations.

Item agreed to.

Loans and investments—
National harbours board—

931. Advances to national harbours board, subject to the provisions of section 29 of the National Harbours Board Act, to meet expenditures applicable to the calendar year 1948 on any or all of the following accounts: Reconstruction and capital expenditures—Montreal—further amount required, $500,000.

Mr. GREEN: Will the minister explain this vote?

Mr. CHEVRIER: This is for the construction of a portion of the Jacques Cartier pier. One of the portions of the wharf collapsed in 1943, and a small amount of money had to be spent in order to save it from falling entirely. Now the upstream side of the wharf is affected and is in such condition that, unless this work is done immediately, there is danger of the whole wharf collapsing. This amount is to provide for the expenditure this year of sums of money required to put the upstream side of this pier in such condition that it will carry on until we are able to give out a contract.

Item agreed to.

DEPARTMENT OF JUSTICE

718. Remission service—further amount required, $37,360.

Mr. FULTON: Why is there need for further money for the remission service? It seems an odd request.

Hon. JOSEPH JEAN (Solicitor General): This is for an improvement we want to bring about in the remission service. As hon. members know, we have to interview inmates for

clemency purposes. Today we have only the Ottawa branch and not enough personnel to go to all the institutions and have personal interviews with the inmates. We intend opening a branch in Vancouver, another in central Canada and another in eastern Canada, so that more frequent interviews may be held with the inmates for these purposes. I believe it will be a great improvement.

Item agreed to.

720. Combines investigation branch—further amount required, $19,000.

Mr. MACDONNELL (Muskoka-Ontario): Is this the first result of the report of the prices committee? Is this additional amount allocated as a result?

Mr. JEAN: This is for the combines investigation branch. As everyone knows, this office has more work today than it had last year, and it appears necessary to provide this extra amount for fees for legal counsel, special assistants, reporters, special commissioners and witnesses. The investigation into the bread-baking industry which is being carried on involves expenditures which were not considered when recommendations were made for the main estimates.

Mr. GREEN: I take it from the Solicitor General's answer that this has nothing whatever to do with the recommendation made by the prices committee?

Mr. JEAN: No. This work was going on before that report was made.

Mr. GREEN: Is there any item in the supplementary estimates to meet the recommendation of that committee with respect to the combines investigation branch?

Mr. JEAN: No.

Item agreed to.

Mr. MACKENZIE KING: If I might interrupt for a moment. Not very many items remain. May I ask if it would be agreeable to hon. members to continue sitting without intermission at six o'clock.

Mr. GREEN: That would be satisfactory to the official opposition.

Mr. MacINNIS: I would point out that this is not as convenient to the reporting staff as it is to us. We can leave this building every now and then, and come back again. The reporters have to carry on, and they have been here since eleven o'clock this morning. We should have some regard for their welfare as well as for our own convenience.

[Mr. Jean.]

Mr. MACKENZIE KING: I believe the official staff will be pleased the more quickly we get through with the proceedings. I understand that they are not objecting.

Mr. KNOWLES: If we could be sure of getting through in an hour I think that would be satisfactory; but there are still items in agriculture, trade and commerce, veterans affairs, justice, post office, reconstruction and supply, and the office of the Prime Minister. I can tell the committee I have nothing more to say, but we do know some hon. members have matters they are going to raise. I do not believe we can get through in an hour, and I do not think it is fair to carry on in this way. I believe we should have an intermission of at least one hour.

Mr. MACKENZIE KING: Perhaps we might go on until seven o'clock, and if we do not conclude by that time we could resume at eight.

Mr. KNOWLES: I would agree to that.

723. To provide for expenses of commission of inquiry into Japanese property claims, $150,000.

Mr. GREEN: Can the Solicitor General tell us when the inquiry into the Japanese property claims is expected to conclude?

Mr. JEAN: I cannot say definitely. There is a great deal of work to do. As far as I can see, we may not have a report before next year.

Item agreed to.

724. To provide for the revision, classification and consolidation of the public general statutes of Canada, $50,000.

Mr. POULIOT: Has the commission been appointed for this revision of the statutes?

Mr. JEAN: Besides the commissioners there will be clerical assistance, for which $12,000 is being provided.

Mr. POULIOT: Have the commissioners been appointed?

Mr. JEAN: Item agreed to.

Item agreed to.

Royal Canadian Mounted Police—

874. Land services—arising out of the Royal Canadian Mounted Police Act, enforcement of federal statutes generally, and other incidental expenses—further amount required, $1,386,201.

Mr. CASTLEDEN: Could the minister give us a breakdown of this item?

Mr. JEAN: It is principally increases in salaries. There are increases in rates of seventy-five cents a day for 2,743 members of the force from April 1, 1948 to March 31, 1949, which require $750,896.

Mr. CASTLEDEN: Would the minister put the new schedules of pay on the record?

Mr. JEAN: I do not know if I have it here.

Mr. CASTLEDEN: Could the minister get it from the department and place it on the record?

Item agreed to.

POST OFFICE DEPARTMENT

806. Post offices, including salaries and other expenses of headquarters and staff post offices and supplies and equipment for revenue post offices—further amount required, $155,660.

Mr. GREEN: Several years ago certain employees were taken on the staff at Vancouver on a temporary basis. I have in mind one man who served in both the first and second great wars who was taken on as a temporary letter carrier in 1945 and who has been doing the job temporarily ever since. Apparently a ruling was made a short time ago that these men would have to pass written examinations in order to hold their jobs. This particular veteran tried twice but was unable to pass the examination, and, as a result, he either has been discharged or is to be discharged. This question was dealt with by the special committee on veterans affairs which recommended as follows:

> Your committee has been informed that there are a number of veterans of world war I in the lower grades of the civil service who have given satisfactory service over a period of years in a temporary capacity, but who might not be able to pass the required qualifying examinations for permanent appointment. Your committee feels that such men should not be deprived of the benefits of permanency and recommends that, if otherwise eligible, they be confirmed in their positions without written examinations.

I suggest that these men should receive the benefit of that recommendation. If they are able to do the job and have served the country they should receive consideration. I think anyone over fifty years of age might have trouble in passing a written examination.

Mr. MACKENZIE KING: Hear, hear.

Mr. GREEN: I hear the Prime Minister agrees with that. I think it is being just a little bit tough with these men simply because they are unable to pass an examination.

Hon. ERNEST BERTRAND (Postmaster General): These examinations for letter carriers are rather easy, and it might be difficult to require that some have to pass the examination while others do not. However, my opinion is not formed on this matter and I shall look into it further. I hope the hon. member will give me the name of this man.

Item agreed to.

DEPARTMENT OF RECONSTRUCTION AND SUPPLY

Demobilization and reconversion—

869. Housing development, including commitments of previous years—Wartime Housing Limited—further amount required, $15,000,000.

Mr. GREEN: Could we have some explanation of this item?

Mr. McILRAITH: June 1, 1948, was cut-off date for the building program of Wartime Housing Limited for the coming year. At that time negotiations were under way with various municipalities which will probably result in agreements being completed with respect to a further 2,250 units under the 1948 rental housing plan. The 1948 building season got under way quite early, and it is probable that these units can be included in the 1948 program without increasing the carry-over of unfinished houses into the 1949 season, and it is estimated that it will cost this additional amount.

Mr. CASTLEDEN: A Wartime Housing project was started in Yorkton about four or five years ago, the houses being completed about two years ago. The contract for the landscaping work was given to a Winnipeg firm, but up to date this landscaping has not been done. If this contractor is not going to carry out the work I think something should be done about seeing what can be done locally. Will the parliamentary assistant have that looked into?

Mr. McILRAITH: I shall be glad to.

Mr. McLURE: Has the parliamentary assistant any further information with regard to the Maple Hills emergency housing proposition on the airport grounds at Charlottetown? According to the press, the government has sold these buildings to the provincial government, and the Department of Reconstruction and Supply are washing their hands of this proposition in which they had a 50 per cent interest.

Mr. McILRAITH: There is no item in the supplementaries dealing with emergency shelter and I have no information on that with me. This item is limited to Wartime Housing Limited. I will try to let the hon. member have the information he desires.

Item agreed to.

870. To provide for production and transportation subsidies on steel and iron under such terms and conditions as may be approved by the governor in council—further amount required, $3,000,000.

Mr. FULTON: We had a discussion here the other day when the production subsidy on steel was removed, and now here we have an item of $3,000,000 in the supplementaries for pro-

duction and transportation subsidies on steel and iron. Can the parliamentary assistant say how that comes about?

Mr. McILRAITH: There was an item of $5,000,000 in the main estimates which was prepared and brought forward before the new subsidy program was worked out. There is an additional $3,000,000 in the supplementaries, and the combined items represent a reduction of some $7,000,000 from the $15,000,000 voted last year.

Mr. FULTON: Is the reduction caused by cutting off the subsidy approximately half way through the year?

Mr. McILRAITH: No, that is not the explanation. It is the changed way of working out the whole program. The subsidies have to do with two things, production in the different steel mills on different basic products, and then there is the freight subvention to assist in moving one type of basic product to the mill where it can be processed, so that we shall have all the steel mills' producing capacity in use.

Mr. FULTON: I do not quite understand why, when the production subsidy was cancelled, it should be necessary to bring in a supplementary of $3,000,000 for production and transportation subsidies. I do not want the parliamentary assistant to go back over what he said, but can he give a short explanation of why we have this supplementary estimate when actually the subsidy has been cut off?

Mr. McILRAITH: I do not understand the hon. member when he says the subsidy has been cut off.

Mr. FULTON: There was a press release the other day to the effect that the production subsidy on steel was being discontinued. We had a discussion of it in the house the other day on the reconstruction estimates, and the hon. member for Cape Breton South dealt with it at some length and criticized the timing of the removal of the subsidy. I later on asked the Minister of Reconstruction and Supply how much would be saved, and he said, approximately $2,500,000, and that the extra cost to the country as a whole from the increased price of steel would be around $17,000,000. So it was definitely established then that the production subsidy was discontinued, and I do not see why we now need $3,000,000 in the supplementaries for production and transportation subsidies.

Mr. McILRAITH: I do not think the earlier discussion went quite as far as the hon. member suggests. It was not a cutting off at all. The old type of subsidy was dropped;

[Mr. Fulton.]

another system of subsidies was set up, and there was a $5,000,000 item in the main estimates which was discussed at some length.

Mr. GILLIS: The hon. member for Kamloops is correct in what he says. The government recently granted an increase in the price of steel, which averaged $8.20 a ton, ranging from $5 on basic steel to $12 on processed steel. The government's excuse for permitting at that time an increase in the price of steel was that they would save $2,500,000 by way of subsidy. I pointed out, when I discussed the matter, that, on the basis of steel production in 1947, the increase in price would mean an additional profit to the operating steel companies—Dosco, Stelco and Algoma—of approximately $9,000,000. I said I thought it was poor timing, because an increase in the price of basic steel would further aggravate the price situation throughout the country. The excuse given, according to the press release I saw, was that the government was saving $2,500,000 by way of subsidy.

Mr. McILRAITH: The saving is more than that.

Mr. GILLIS: But there is $5,000,000 in the main estimates and $3,000,000 in the supplementaries, so that takes away the excuse given that the government was saving $2,500,000.

Mr. McILRAITH: We are saving slightly more.

Mr. GILLIS: You are not saving anything, because you are dumping the load on the back of the consumer and further aggravating a bad price situation. I did not think you could get away from subsidies or pin them down to the $5,000,000 in the main estimates. I am not arguing against the subsidy, because in the part of the country from which I come they need a subsidy to drag their basic steel all the way into central Canada. But this does not make sense and does not follow through with the argument made by the minister in the house when he was justifying the price increase. The thing I am arguing against is that the government permitted the price increase in basic steel at the time they did, an increase averaging about $8.20 a ton, which was dumped on the back of the consumer. I do not think you are saving anything by way of subsidy, and the increase in the price of steel will certainly tend to aggravate the already bad price situation.

Item agreed to.

DEPARTMENT OF TRADE AND COMMERCE

883. Trade publicity and advertising in Canada and abroad—further amount required, $116,000.

Mr. MACDONNELL (Muskoka-Ontario): This is another of these publicity items which

seem to crop up every time you turn around. What about this $116,000 more which is required?

Mr. McILRAITH: The purpose of this vote is, by means of publicity and advertising, to assist in developing markets abroad for Canadian products and stimulating the interest of foreign producers in the Canadian market; as a means to this end, to arouse the interest of Canadian manufacturers, producers and importers in foreign business and acquaint them with the facilities for trade expansion offered by the Department of Trade and Commerce.

The item is broken down as between advertising in Canada and abroad, $100,000, and films, $16,000.

Mr. MACDONNELL (Muskoka-Ontario): That does not explain anything. We know in general what it is for. Why do we need $116,000 additional now? What makes this come along at this time? It is very unusual to have these tremendous expenditures, especially at a time when we are told that there is a sellers' market, that there is a shortage of everything.

Mr. McILRAITH: There is also one other thing, apart from its being a sellers' market. There are some additional requirements arising from the E.R.P. program, which puts additional burdens on this. That is one factor entering into it. There is this further explanation. Perhaps I should not have abbreviated my remarks. There were some delays in the receipt of advertising accounts of 1947-48 from overseas. There has been a substantial carryover of such accounts into 1948-49. The amount of the carryover is some $106,000; whereas the total amount in the main estimates for advertising is only $150,000. Therefore we had to carry over this amount of $106,000, and we had only $150,000 in the main estimates.

Mr. MACDONNELL (Muskoka-Ontario): Only $150,000 in the main estimates for what?

Mr. McILRAITH: Advertising.

Mr. MACDONNELL (Muskoka-Ontario): According to item 446, there are some $303,000, if that is the right item.

Mr. McILRAITH: Yes, but if the hon. member will take the details of the item he will find that advertising is $150,000.

Mr. MacINNIS: Will the parliamentary assistant tell the committee what the difference between publicity and advertising is?

Mr. McILRAITH: Yes, I think I can do that in a general way. The whole vote includes such things as salaries, allowances, printing, stationery and office equipment, travelling expenses. Then there is this item: advertising their booklets, films, translation of material, clipping services and subscriptions, and printing *Foreign Trade*. The supplementary estimate applies only to the one detail of trade publicity and advertising, and that one detail is the advertising item of $100,000, which is added to the $16,000 for the film item.

Mr. MacINNIS: The item does not say that. The item is exactly the same as the one in the main estimates.

Mr. McILRAITH: The details of the item in the general estimates include trade publicity and advertising, but the supplementary includes only advertising and films, just the two parts of the main item.

Mr. HATFIELD: Why increase advertising when goods are in short supply in Canada?

Mr. McILRAITH: The main part of this is not to increase advertising. There is this difficulty about trying to maintain and increase trade. There is considerable dislocation, and we are trying to maintain markets at the present time. The item is not an increase as such; it is partly increased, but there is a substantial carryover.

Mr. MACDONNELL (Muskoka-Ontario): Just as a protest against this easy granting of money for publicity, I move that the item be struck out. That will bring the matter to a head and we shall have it settled.

The CHAIRMAN: Is the committee ready for the question?

Mr. McILRAITH: I did not expect a motion to be pressed at this moment. It is well to remember that about 35 per cent of our production goes into marketing abroad. It is a tremendous thing for this country. To say that we should not advertise and try to establish firmly our markets as one of the great trading nations is a pretty serious thing. The consequences of the external trade of Canada is greater than it is in most other countries. I do not want to get into an argument about it, but in a country like the United States the external trade relative to their total production of business is small. Here it is a very great item. I want to point that out before the hon. member presses his motion to wipe out the item.

Mr. HATFIELD: The parliamentary assistant does not mean to assume that I have that feeling about our foreign trade. What I am complaining about is this large additional inadequately explained item. There is no

danger of my motion carrying. It might be a useful gesture when these amounts are being brought in next time.

Mr. ISNOR: I am surprised at the hon. member suggesting that this amount be struck out entirely. I am surprised at his reference in regard to our expanding our business. It is the general practice, not only in a selling market, to continue to seek new markets. During world war I well known firms did that. Take Wolsey's Underwear. They continued to advertise in Canada from 1914 to 1918 without having a dollar's worth of goods to ship to this country. This is a splendid opportunity to expand our export business, particularly when the Department of Trade and Commerce—

Mr. HATFIELD: We have no goods to export.

Mr. ISNOR: For every dollar we spend in Canada we depend upon foreign trade to give us thirty-five cents.

Mr. HATFIELD: Advertise when we have some goods.

Mr. ISNOR: It is all very well for the hon. member to deal with one particular item, namely potatoes, in which he is particularly interested. At times he has welcomed the export market as the only market to take care of his surplus supplies. He knows that as well as the rest of us.

Mr. MACDONNELL (Muskoka-Ontario): I have great respect for the senior hon. member for Halifax, and I shall defer to his wishes. I move that the item be reduced to $20,000, so that I shall get his vote.

Mr. POULIOT: I am sorry to disagree with the hon. member for Muskoka-Ontario. It is essential to advertise Canadian goods that we have to export. It is so evident that even private firms like the House of Seagram have sent magnificent advertising to be published in periodicals of both the Americas. They described the lumbering industry, the mining industry and the fishing industry, all industries in which they are not interested, but they advertise Canadian produce. If that is done by private firms like the House of Seagram, with beautiful illustrations, I do not see why the Canadian government should not do it in the interest of the whole community.

Mr. MacINNIS: Since the hon. member has mentioned the House of Seagram, may I say that in my opinion it is an outstanding disgrace that labour and materials and human energy should be expended at a time like this in advertising such as Seagram's do.

[Mr. Hatfield.]

Mr. POULIOT: There was no bottle on these advertisements. They were not advertising their own product. They were advertising the lumber industry and the fishing industry. They were doing that because there was not enough publicity by the government. They should be lauded instead of criticized for it. They have been doing very well.

Mr. GREEN: How much of that money is to be spent for publicity in Canada? The vote in the main estimates for advertising in Canada and abroad is $150,000, and there is an amount of $100,000 in the supplementaries.

Mr. McILRAITH: Yes.

Mr. GREEN: That is $250,000 for advertising in Canada and abroad. How much is spent in Canada?

Mr. McILRAITH: I am sorry I have not the breakdown as between Canada and abroad, but the carryover of grants from abroad is $106,000.

The CHAIRMAN: Mr. Macdonnell (Muskoka-Ontario) moves that vote 883 be reduced by $20,000. Those in favour of the amendment will say "yea".

Some hon. MEMBERS: Yea.

The CHAIRMAN: Those opposed will say "nay".

Some hon. MEMBERS: Nay.

The CHAIRMAN: In my opinion the nays have it.

Item agreed to.

885. Canadian international trade fair, 1949, including authority to refund from revenue deposits received for contracts for space, $500,000.

Mr. MacNICOL: Does this refer to the 1949 international trade fair to be held in Toronto?

Mr. McILRAITH: Yes.

Item agreed to.

Wheat and grain division—

887. To hereby authorize the Canadian wheat board to buy rapeseed and sunflower seed from producers at a price of six cents per pound for the best grade f.o.b. local shipping point and at appropriate prices for other grades during the period commencing on August 1, 1948 and ending on July 31, 1949; to sell rapeseed and sunflower seed so purchased or the oil extracted therefrom as directed by the Minister of Trade and Commerce; to enter into such contracts as the said minister may direct for the carrying out of any of these operations, $1.

Mr. WRIGHT: This is a vote of $1. I presume the money necessary will be obtained from some other source.

Mr. McILRAITH: The fund is set up and this provides the legal authority.

Mr. WRIGHT: I wish to ask the parliamentary assistant some questions with regard to the handling of rapeseed and rapeseed oil. The government purchases it through the wheat board, and it is processed in the plant in Moose Jaw. I believe there is in Canada only one plant processing rapeseed into rapeseed oil. I do not know how much of this is exported. I should like to know the amount of rapeseed oil exported and who is exporting it. When we export coarse grains, equalization certificates are issued by means of which any money made on the export of the grain is returned to the producers. What procedure is followed in the export of rapeseed oil? Is it all consumed in Canada? If not; if it is exported, I would point out that the price of rapeseed oil in the United States is much higher than in Canada, and the same procedure should be followed as with coarse grains. Where the rapeseed or rapeseed oil is exported there should be equalization certificates to enable the producers to get the benefit of the export price.

Mr. McILRAITH: I am sorry I cannot give the information as to what is being exported, if any. I will look into the question and advise the hon. member.

Mr. HATFIELD: What company in Moose Jaw is processing sunflower seed?

Mr. McILRAITH: I am afraid I shall have to ask the hon. member's indulgence. I will get the information for him.

Mr. WRIGHT: When may we expect that information?

Mr. McILRAITH: In about four days.

Mr. WRIGHT: I asked for certain contracts to be tabled. A month ago an order for return was issued, and so far it has not been complied with. I am interested in this because our people are growing rapeseed in western Canada.

Mr. McILRAITH: This morning when the hon. member raised a question about his order for return I did not realize that it was one pertaining to our department. I had been under the impression that all orders for return in our department had been completed and forwarded. I have not had an opportunity to look into the point today, but I will get speedy action on it.

Item agreed to.

Special—

889. To reimburse the Canadian Commercial Corporation for expenses incurred in purchasing materials, supplies and equipment, etc., on behalf of the Department of National Defence under chapter 51, statutes of 1947, in the amount of $7,779.23, the balance owing for services rendered in the fiscal year 1947-48, and for the fiscal year 1948-49—further amount required, $87,779.23.

Mr. POULIOT: Is the Canadian Commercial Corporation in charge of ERP in Canada?

Mr. McILRAITH: No.

Item agreed to.

DEPARTMENT OF AGRICULTURE

Science service—

678. Plant protection—further amount required, $28,010.

Mr. HATFIELD: What is this extra amount for?

Right Hon. J. G. GARDINER (Minister of Agriculture): The hon. member will find the details on page 32 of the supplementary estimates: salaries, permanent, $210; temporary assistance, $20,800; total salaries, $21,010; printing, stationery and office equipment, $7,000.

Item agreed to.

Special—

689. To provide for assistance to the province of Nova Scotia in the removal of aged apple trees and of least desirable varieties in Nova Scotia under such terms and conditions as may be approved by the governor in council, $500,000.

Mr. WRIGHT: How is this money expended by the dominion government—in co-operation with the department of agriculture of Nova Scotia? Are there any grants by the Nova Scotia government corresponding with this grant by the dominion?

Mr. GARDINER: Yes. It is expended through an arrangement we have with the Department of Agriculture in Nova Scotia. They are putting up a comparable amount in the pulling out of trees and regrafting on old trees to get new varieties.

Mr. WRIGHT: Is the supervision carried on by the department of agriculture in the province or by the dominion?

Mr. GARDINER: The work is actually done by the province.

Mr. HATFIELD: How much was spent last year?

Mr. GARDINER: This is a new arrangement entered into this year.

Mr. HATFIELD: It has been going on for two or three years.

Mr. GARDINER: Not this arrangement. This is a new arrangement entered into this year with the government of Nova Scotia, and

it is to carry on for four or five years. Under the arrangement that we had for the handling of apples in Nova Scotia during the war period, we have been carrying on, on a smaller scale. I have not the figure spent last year but it was smaller.

Item agreed to.

Special—

690. Amount required to recoup the agricultural prices support account to cover the net operating loss of the agricultural prices support board during the fiscal year 1947-48, $1,061,353.30.

Mr. WRIGHT: On what products is this money spent by the agricultural prices support board?

Mr. GARDINER: A considerable amount of it was spent on potatoes and some in connection with apples. Most of it was spent on potatoes.

Item agreed to.

Demobilization and reconversion—

691. Freight assistance on western feed grains, including outstanding claims under the feed grain payment policy—further amount required, $13,000,000.

Mr. CASTLEDEN: What amounts have already been passed on with regard to freight assistance to feed grain from the west? A supplementary item of $6,000,000 went through about the time of the easter recess. I think that was to be expended as directed by order in council. Then in the regular estimates something like $7,750,000 went through. I suppose that was an item including freight assistance on western feed grain. How much of this is estimated to be included and required for that purpose?

Mr. GARDINER: The $7,000,000 in the regular estimates took care of the expenditures to August 1. At that time it had not been determined that the freight rate would be paid beyond July 31. The $7,000,000 in the regular estimates would take care of expenditures to August 1. This $13,000,000 is to take care of the remainder of the financial year, which would make a total expenditure of about $20,000,000.

Mr. CASTLEDEN: What portion of this item will be spent now in paying outstanding claims under the feed grain payment policy? This policy has caused considerable loss to the coarse grain growers of the west. They have received some payment back from the pools and from some of the line elevator companies. We have been trying to ascertain here for a couple of weeks whether or not the government intended or had authorized the payment of any sum direct to the farmers from the government. I should like to know how much of this item would be included in that. I should also like to know, if possible, whether any payment has as yet been authorized.

Mr. GARDINER: The amount of payment under the arrangements that have been discussed in connection with oats and barley has not yet been determined. I am not absolutely certain that the payment would come out of this particular vote. I understand that there is the possibility that it may come out of amounts which are under the wheat board. But the present payments up to the moment have amounted to as high as sixteen and a half cents a bushel on barley. I think the highest payment that has been made on oats is thirteen cents a bushel. That has been made by the line elevator companies and pool organizations in the west. I think the pool payment on barley was sixteen cents and thirteen cents on oats. The suggestion is that there should be an adjustment beyond that, which has not yet been determined and which cannot be finally determined until we have all the information before us.

Mr. CASTLEDEN: I think the minister will agree that the people who really cleaned up in this item were the feed companies who bought grain at a lower price prior to October 21, and were able to take advantage of the situation and increase prices to those to whom they sold this feed grain. Have the feed companies who made the big clean-up been taxed in any special way in order to reimburse the farmers, or is this to be taken out of the Canadian public?

Mr. GARDINER: Of course most of the feed companies that are concerned are in the eastern part of Canada. I do not know that there is any evidence to indicate that many of them made a big clean-up in connection with the sale of this grain. There may be the occasional feed merchant who was fortunate enough to have some of the grain at the close on October 21 and who sold it afterwards. But I do not think, under the circumstances existing, there would be any considerable number of them, because the grain was being moved just about at the same rate as it was being fed. It was going in and going out day by day to most of these feed merchants. A few of them may have taken advantage of the circumstances, but there is not any evidence that any great number of them did so, or that any considerable amount of grain was involved.

Mr. CASTLEDEN: The minister knows that, prior to October 21, in the western provinces the demand at every elevator point was for the farmers to deliver their coarse grain and get it in early, because there was a shortage of feed grain across Canada at that time. Some 39,000,000 bushels were delivered prior to October 21; that is, the statistics would indicate that. It was on that amount that the farmer took a loss.

Mr. GARDINER: No, he has not taken any loss.

Mr. CASTLEDEN: He lost as compared with the farmer who held on and delivered the feed grain at the time when the price had risen, I would say an average of about thirty-five cents on barley and about twenty-eight on oats.

Mr. GARDINER: It averages about nineteen cents on oats, and about twenty-six cents on barley; that is the difference in the price. But he has not yet taken a loss on it; he is being paid.

Mr. CASTLEDEN: Who is he being paid by? He is being paid partly by the elevator companies and grain companies and partly by the federal government. It seems to me that this procedure amounts to about the same thing as guaranteeing the profits that were made in the grain trade through a sort of subsidy, which is in this case being paid to the farmer, since the farmer is not to take the loss. I think the farmer should get that payment, but I do not think it should come out of the Canadian taxpayer.

Mr. GARDINER: What actually happened was that the grain companies or the elevator companies took delivery of a certain number of bushels of grain before October 21. Up to October 21 they had sold approximately 40 per cent of it at the same price as that at which they had bought it, or on that basis, with a small profit or a reasonable profit. Then the other 60 per cent they sold after March 21 at the higher price level. What the elevator companies have done is to take the unusual profit made on the 60 per cent and spread it over the whole 100 per cent, which means that, out of a difference of nineteen cents in the price before October 21 and the price after, they have been paid thirteen cents. That leaves owing six cents, which is just about the right proportion, about one-third, which it is claimed someone should take care of.

The argument they make is that the government encouraged the farmers to deliver the grain before October 21, knowing there was to be a change; that, as a result of that, the government should make some adjustment, and they claim that adjustment is just as important and just as necessary as the ten cents a bushel which was paid by way of subsidy on the oats which came to the eastern farmer during that period and the fifteen cents a bushel on barley. It is said that, because the shipment was made to the eastern farmer, and a subsidy paid, there should be an adjustment to the amount of six cents on oats and a proportionate amount on barley in order to provide that there is no loss to the farmer or no material loss.

Mr. CASTLEDEN: There was a loss to the person who purchased feed in the east, on that 39,000,000 bushels which were sold, or at least on 40 per cent of it.

Mr. GARDINER: The greater part of it was sold before October 21 at the lower price.

Mr. CASTLEDEN: That is right. But there was an increase in the cost of feed to the eastern farmer which led to a terrific increase in the cost of living, particularly in milk, cream, eggs, poultry products and meat.

Mr. GARDINER: But there was an adjusted price on these products. The floor prices there were adjusted up to take care of the increase in grain, so that the person who fed in the eastern part of Canada did not lose by it.

Mr. WRIGHT: The minister just a moment ago made a point which intrigued me. I do not know just how he gets his figure of the average of the increase in price on oats and barley. I do not know whether he takes that as being the opening price on October 21, the average price over the first month, or the average price over the last six months. I do not know how he gets the particular figure he quoted a few moments ago, and I should like to know.

Mr. GARDINER: I got it by talking to farmers all over Saskatchewan in the last month.

Mr. WRIGHT: Oh, no, you did not.

Mr. CASTLEDEN: You gave the figures before you went west.

Mr. GARDINER: I got the figure I am using from farmers in different parts of western Canada. I asked them how much they got for their oats before October 21, and they told me; then I asked how much they got for them after October 21, and they told me. The figure I am using is about the average.

Mr. WRIGHT: Does the minister not think there is a more accurate way of getting these figures than just going around asking farmers? The Winnipeg grain exchange has a record of the everyday prices for which the farmers must sell.

Mr. GARDINER: Fortunately it works out at the same figure.

Mr. WRIGHT: It depends on the period over which you take it. Certainly it does not work out on the average for the month, and I doubt whether the figure quoted by the minister is even the average price for the period from October 21 to the present time, though it may be; I cannot dispute that. However, I was intrigued by the minister's suggestion that funds for any additional payment on oats and barley, for which there is no vote in these estimates, might be obtained from the wheat board. Surely the minister is not suggesting that the farmers will pay themselves out of funds held by the wheat board, in connection with these additional payments on coarse grains. If that is his suggestion I wish he would make it quite clear.

Mr. GARDINER: That is not what I am suggesting at all. I am suggesting that it does not come under this item, that it is under trade and commerce.

Mr. WRIGHT: Then, if it does not come under this item I wish the minister would show me any item in our supplementary estimates which provides for this payment. People in western Canada are interested in whether or not they are to get it. If we have no item providing funds for that payment I do not see where you will get the money.

Mr. CASTLEDEN: This very item states, "including outstanding claims under the feed grain payment policy," which would indicate that part of this $13,000,000 is to be used for the purpose of making payments to the farmers under the government's feed grain policy.

Mr. GARDINER: If you are satisfied with that there is no need for questioning.

Mr. WRIGHT: I want to find out under what item in these estimates or any other estimates money is provided for a further payment on coarse grains.

Mr. GARDINER: I am just speaking from information I have been given, and my information is that there is provision under which the money can be paid. It is not a matter to be taken to council by me, however, and this is not the proper place to discuss it.

Mr. WRIGHT: The Minister of Agriculture made a good many statements in western Canada in this connection, and surely he should know the item under which this money is to be made available. He must have that information, or he should have had it before he made his statements.

Mr. POULIOT: Will the minister tell us if there is still a feeds administrator and, if so, whether it is the same man who wrote his memoirs early this year?

Mr. GARDINER: I am not sure about the memoirs. The feeds administrator, Mr. Davidson, has been transferred from our department to the wheat board and is operating there in connection with the administration or distribution of feed grain.

Mr. POULIOT: It is not Mr. Davidson but the other fellow, who is with the prices board. He was looking after feeds; he was feeds director or feeds supervisor or feeds administrator. When controls went out he stayed in just the same and said he was writing his memoirs. He is a man from Montreal; I do not remember his name.

Mr. GARDINER: He would be under the Department of Finance if he is with the prices board.

Mr. WRIGHT: The minister made the statement a while ago that the funds with which to make these payments on coarse grains might be obtained from moneys of the wheat board. I should like him to explain what funds the wheat board have, out of which these payments might be made, or what the minister was suggesting in that connection.

Mr. GARDINER: I repeat that the subject my hon. friend is talking about does not come within my estimates at all and is not before the committee at the present time. I simply suggested it had been indicated to me from the minister in charge that there is a means of making these payments altogether apart from any funds in my estimates, and that is all I have to say. It is not in my estimates at all.

Mr. WRIGHT: The minister cannot indicate what item in the estimates provides for this payment?

Mr. GARDINER: No. As far as I know, it is not in my estimates.

Mr. WRIGHT: You have no information on it; you do not know whether or not money is being provided?

Mr. GARDINER: I have good reason for believing it will be provided from some source, but I am not in a position to state what that source is.

Mr. WRIGHT: The minister is a member of the cabinet, which is dealing with this question of coarse grains. I want to know what

item in these estimates is for the making of that payment. I believe the minister should have that information.

Mr. GARDINER: Mr. Chairman, I submit this is not a subject to be discussed. If the hon. member wanted that information he should have asked for it when the trade and commerce estimates were before the committee a short time ago.

Mr. WRIGHT: There was no item of that department that I saw under which I could discuss this matter. The minister has made the statement in western Canada that these payments are to be made. Surely he must know the authority under which that will be done.

Mr. GARDINER: The minister has not made the statement that the payments are to be made. The minister has made the statement that it has been recommended that payments should be made. That is a question which was answered a few moments ago, to the effect that a decision has not yet been reached by the government.

Mr. CASTLEDEN: Did the minister not make a suggestion as to the amount that should be paid on oats and barley?

Mr. GARDINER: I made exactly the same suggestion I made a few moments ago, that thirteen cents has been paid on oats and that the average difference would be about nineteen cents. There has been a payment of sixteen cents on barley and the average difference is around twenty-seven. The consideration that still has to be given concerns the differences of six cents and eleven cents.

Mr. WRIGHT: There is a difference between the payments that have been made by different companies. One company, for instance, is prepared to make a payment of only one or two cents a bushel, while other companies are prepared to pay thirteen cents, others fifteen cents, and others, sixteen cents. Is it the intention of the government to average these sums; or if a farmer sold to an elevator company which was unable to make any payment, is he to take that loss? Just what is the answer?

Mr. GARDINER: This does not come under my estimates at all.

Item agreed to.

Demobilization and reconversion—

692. Production assistance on agricultural lime for soil amendment purposes, $60,000.

Mr. HATFIELD: Is this assistance to the provincial governments through their own programs, or is this money paid direct?

Mr. GARDINER: This item of $60,000 was not included in the main estimates because, when they were prepared, the provinces had not intimated that they would subsidize the production of agricultural lime in 1948-49. The provinces of Nova Scotia, New Brunswick, Quebec and British Columbia have since advised that they are subsidizing production again this fiscal year and need a continuation of the dominion subsidy for the purpose. The object of promoting the production of agricultural lime is to provide a greater supply for farmers. In some of the provinces demand still exceeds the supply, and many farmers who should be using lime on their land are unable to get it. Subsidies paid on this account last year by provinces were as follows:

Nova Scotia	$25,833.74
New Brunswick	15,744.83
Quebec	7,011.64
British Columbia	8,076.04

The dominion repays the provinces one-half the amount paid by them for this purpose. Last year's payment was $56,000, and we estimate $60,000 will be required this year.

Item agreed to.

Mr. KNOWLES: The understanding was that we would adjourn for supper at seven o'clock. There are three or four hon. gentlemen who want to speak, and it is not fair to the *Hansard* reporters or to their amanuenses that we should go on.

Mr. MACKENZIE KING: That was the understanding, and I think it should be carried out. May I say to hon. members I believe that there are only about a dozen items. I do not mention this with the idea of changing what I have said about the hour's adjournment, but rather in the hope that I may be able to say to the deputy of the governor general that I believe nine o'clock would be a convenient time for hon. members of this house to attend at the other house if requested to do so. I understand that a communication has been received to that effect. If we met at eight o'clock I should hope that, before nine o'clock, we could conclude the few items that are left.

Mr. KNOWLES: The Prime Minister's guess is as good as anyone's.

Mr. BLACKMORE: May I suggest to the Prime Minister that he had better not make it as early as nine o'clock.

Mr. MACKENZIE KING: I will suggest nine-thirty. Before the committee rises for the hour recess, I should like to reply to a question asked this morning by the hon. member for Stanstead as to whether any request

had come from the government of the United Kingdom for assistance in flying supplies to overcome the Berlin blockade. I was not in position to give an answer at that moment, because I had not had an opportunity of conferring with the ministers of other departments and could speak only with respect to my own office. I am now in position to give an answer to the committee.

An inquiry has been received through our high commissioner in London as to what stocks of concentrated dehydrated foodstuffs might be available in Canada to assist in supplying food to Berlin in the present circumstances. A reply has been sent to the effect that there are considerable stocks of such food which would be available for that purpose.

I understand that on Monday last Mr. Bevin, in informal conversation with the high commissioners in London, touched upon the question of the adequacy of present air transport facilities for supplying the civilian population in Berlin. No request has, however, been received from the United Kingdom government either for food stocks or air transport.

Progress reported.

PROROGATION OF PARLIAMENT

MESSAGE FROM THE GOVERNOR GENERAL'S SECRETARY

Mr. SPEAKER: I have the honour to inform the house that I have received the following letter:

Ottawa, June 25, 1948

Sir,

I have the honour to inform you that the Right Honourable Thibaudeau Rinfret, Chief Justice of Canada, acting as deputy of His Excellency the Governor General, will proceed to the Senate chamber today, 30th June, at 9.30 p.m. for the purpose of proroguing the present session of parliament.

I have the honour to be,
Sir,
Your obedient servant,
J. F. Delaute,
Assistant Secretary to the Governor General.

At seven o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

SUPPLY

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

DEPARTMENT OF AGRICULTURE

Dairy products board—

693. Purchase of creamery butter to support the market at minimum prices subject to the approval of the governor in council, $1,000,000.

[Mr. Mackenzie King.]

Mr. HATFIELD: Mr. Chairman, I am in favour of paying a subsidy to help in the movement of agricultural products when the price is low, but I do not know when the price was low on butter. Will the minister explain this item?

Mr. BURTON: Before the minister replies I should like to refer to a question I asked him when his estimates were before the committee some time ago. He was not in a position then to give me the information I asked for. I now want to inform the minister that I personally inspected the Wolverine dam south of Humboldt; there is now water in the enclosure, and I have hopes that a prairie fire will not interfere with the structure in the next few years.

Mr. GARDINER: The item before us has to do with the fact that there is a floor under butter. The floor is 58 cents. If we are required to buy butter at 58 cents, money will be required; that is the reason for this appropriation.

Mr. HATFIELD: When has butter been down to the floor?

Mr. GARDINER: It has not been down yet, but we thought it might be down some time in the year.

Mr. MACDONNELL (Muskoka-Ontario): So you have both floors and ceilings to guard against every contingency.

Mr. HATFIELD: Subsidies should be removed when there is a surplus of agricultural products. Butter must be away up near the ceiling now, and I hope it will not go below the ceiling.

Mr. WHITE (Middlesex East): What I have to say, Mr. Chairman, has not altogether to do with the floor on butter, but many dairy farmers are today apprehensive of what may happen next winter. Some of them are afraid there may be another shortage of butter. In view of the fact that attempts were made last winter to have butter substitutes imported, and that we are exporting cheese, another dairy product, without too much hope of its ever being paid for, I am wondering whether it is good business to export cheese on credit and import a butter substitute made from vegetable oils from the United States, to be paid for in United States dollars. Now is the time to do something before we experience another shortage of butter next winter. Let us not wait until next December, when it will be too late. This is the season when butter is produced in quantity, and I hope the minister will assure the dairymen and the consumers that things will be taken care of.

Mr. GARDINER: It is the point that has been raised that makes it advisable to put a floor under butter. The floor of 58 cents will prevail throughout the year. In the past the price of butter has often dropped in the months of June, July and August. This year up until now the price has not dropped below 58 cents, but it was thought wise to put a 58-cent floor under butter in order that the producer would not have to take an unusually low price as compared with what butter has been selling at recently and what it probably will sell at next winter. This enables the government to deal more effectively with the price of butter next winter, by taking action now. This amount of money is made available in order to purchase butter at 58 cents a pound if for any reason it goes down to that price.

Mr. MOORE: Has the dairy products board purchased any butter yet?

Mr. GARDINER: Not this year. Butter has not been down to 58 cents a pound; I have not been following the markets during the past two weeks, but I do not think that butter has been down to 58 cents a pound at any time during this year. If it goes down to 58 cents a pound we undertake here to buy that butter at 58 cents a pound or lower.

Mr. WHITE (Middlesex East): I have been speaking to some of the cheese factory men in my constituency and was informed that they were getting large quantities of milk which, during the winter months and the spring months, had been sent to the creameries. It is now flowing into the cheese factories because cheese pays more money than butter. Will that bring about a shortage of butter?

Mr. GARDINER: No. Our experience up to the moment is that the production of cheese will be quite low, much lower than we had hoped it would be. No cheese has gone to Britain up to the present time; it has all been purchased on this market. We have a contract to ship 50,000,000 pounds of cheese to Britain. If we are to ship it we must ship it from now on, but we have not shipped any up to date.

Mr. WHITE (Middlesex East): Will cheese be requisitioned?

Mr. GARDINER: I am not in a position at the moment to say whether it will or not. It is a matter that will have to be considered.

Item agreed to.

DEPARTMENT OF VETERANS AFFAIRS

532. Departmental administration, $2,253,340.

Mr. GREEN: Several questions were asked when these estimates were last up for discussion. Is the minister in a position to answer them this evening? I would also ask him to deal with the report of the special committee on veterans affairs, and tell us what has been done in respect to the different recommendations made by that committee.

Hon. MILTON F. GREGG (Minister of Veterans Affairs): When the main estimates were before the committee approximately a week ago quite a large number of questions were asked by hon. members and I undertook to bring forward answers as far as possible. These questions have been carefully studied. Since the material in the replies is voluminous I would ask the consent of the committee to place the answers on *Hansard:*

The DEPUTY CHAIRMAN: Does the committee agree?

Mr. GREEN: Is the minister going to read them?

Mr. GREGG: They are very long. The hon. member for Nanaimo requested information as to the district offices and the regional offices of the department throughout Canada, and if I may I would place the answers on *Hansard.*

Some hon. MEMBERS: Agreed.

Mr. GREGG: The answers are as follows:

Soldier Settlement and Veterans' Land Act
Administrative offices

Head office, Ottawa, Ontario

District office, Vancouver, B.C.

Regional offices—
Victoria, B.C.
New Westminster, B.C.
Kelowna, B.C.
Kamloops, B.C.
Nelson, B.C.

District office, Edmonton, Alta.

Regional offices—
Edmonton, Alta.
Grande Prairie, Alta.
Calgary, Alta.
Dawson Creek, B.C.
Saint Paul, Alta.
Lethbridge, Alta.
Red Deer, Alta.
Peace River, Alta.

District office, Saskatoon, Sask.

Regional offices—
Saskatoon, Sask.
Prince Albert, Sask.
Regina, Sask.
Yorkton, Sask.

District Office, Winnipeg, Man.

Regional offices—
Winnipeg, Man.
Dauphin, Man.
Brandon, Man.
Port Arthur, Ont.

District office, Toronto, Ont.

Regional offices—
Toronto, Ont.
New Liskeard, Ont.
Dundas, Ont.
Sault Ste. Marie, Ont.
Sudbury, Ont.

District office, London, Ont.

Regional offices—
London, Ont.
Guelph, Ont.
Windsor, Ont.

District office, Ottawa, Ont.

Regional offices—
Ottawa, Ont.
Kingston, Ont.
Hull, Que.

District office, Montreal, Que.

Regional offices—
Montreal, Que.
Sherbrooke, Que.
Quebec, Que.
Gaspe, Que.
Rimouski, Que.
Amos, Que.

District office, Saint John, N.B.

Regional offices—
Fredericton, N.B.
Moncton, N.B.
Kentville, N.S.
Truro, N.S.
Charlottetown, P.E.I.
Sydney, N.S.

The hon. member for Trinity asked for information as to the number of student veterans who discontinued their university courses without graduating. The answer is as follows:

Since the inception of the university training program up to March 31, 1948, some 4,000 of the 53,000 university veterans have withdrawn at their own request.

A preliminary survey of the 32,000 who were enrolled in university in September, 1947, indicated that sixty-five would be unable financially to complete the academic year's work.

A further detailed study completed in March, 1948, showed that only twenty-five student veterans had been unable to complete the year's work for purely financial reasons.

On page 5433 of *Hansard* of June 18, 1948, in column 1, four questions were asked by the hon. member for Lethbridge relating to Mr. F. W. Connorton. In this regard the pension commission advise that no authentic information is available in the department records, but with relation to the approximately fifty remaining questions asked by the hon. member for Lethbridge on the same subject, I have as far as possible had my department work out the answers which I ask permission to place on *Hansard*.

The DEPUTY CHAIRMAN: Has the minister permission to place these answers on *Hansard*?

Some hon. MEMBERS: Agreed.

Mr. GREGG: The answers are as follows:

Question: 1. Did Connorton undergo an appendix operation in the service in June, 1943?

Answer: Yes, an appendix operation was performed 29th June, 1943.

[Mr. Gregg.]

Q. 2. Was he given a local anaesthetic for the operation?

A. He was given a spinal anaesthetic for this operation.

Q. 3. Was the anaesthetic administered by a departmental medical interne?

A. The anaesthetic was administered by a surgeon lieutenant in the navy.

Q. 4, 5, 6. 4. Was a needle inserted in Connorton's spine eight times before the anaesthetic was effective? 5. Did the man suffer excruciating pain in this anaesthetic operation? 6. Did the medical interne instruct the nursing sister and an orderly to "pin the man down"?

A. There is nothing in the records either to substantiate or refute these questions.

Q. 7. Was the man fourteen days in bed after this appendix operation?

A. The operation was performed 29th June, and the patient discharged to convalescence on the 8th July, 1943. He was not, therefore, kept in bed for fourteen days after the operation. The records show that the patient was admitted to hospital on the 24th June, 1943, but since he had a cold the operation was deferred until the 29th June.

Q. 8, 9, 10. 8. Did he complain of his back being sore all that time, and did the departmental doctors inform him he would experience back trouble for about two months, when the condition would "clear up"? By the way, it is rather unusual after an appendix operation to wait for two months before the condition clears up. 9. Did they say this was the usual experience of men receiving spinal anaesthetics to localize an operation? 10. Was he given pills to relieve the pain in his back?

A. There is no evidence available on which to answer these questions.

Q. 11. Was the man bothered with prostate trouble after this operation, and was he given sulphanilamide drugs, penicillin and electrotherapy treatment for this condition?

A. The first evidence of prostate trouble is in August, 1944, over one year after the appendix operation. He was treated by sulphadiazine and sodium salicylate. Subsequently in January 1947, there was another attack of prostate trouble, at which time electro-therapy treatment was prescribed. At this time he was already getting penicillin as part of the treatment in connection with a recent spinal operation.

Q. 12. Does the man claim that prostate trouble is still with him?

A. The records at Ottawa do not show any complaints about prostate trouble since January, 1947.

B. Second list of questions, page 5431, second column. These questions also refer to a period during which the man was serving with the armed forces. Complete answers in detail are therefore not possible in all cases at this time.

Q. 1. After hospitalization, did Connorton join the minesweeper *Outard* as stoker, November, 1943?

A. Connorton joined the *Outard* as a stoker, 2nd December, 1943.

Q. 2. Did he complain that his back was then still bothering him?

A. There is no record of any complaint about his back until the 31st March, 1944.

Q. 3. Did he complain that his left leg also began to bother him when doing heavy lifting, the muscles becoming tired and locked?

A. There is no record of complaints on this subject at this time.

Q. 4. Does he complain that his leg condition is still with him?

A. There is complaint of some weakness of the left leg in January, 1948.

Q. 5. Was he given a one-man board by Dr. Whitelaw in July, 1944, and x-rayed, and subsequently classed as A-1 physically fit?

A. Dr. Whitelaw examined Connorton and made a "consultant's report" on the 10th January, 1945. In this report Connorton was pronounced fit for duty. X-rays were taken about this time.

Q. 6, 7, 8.—

6. Did he subsequently complain to another departmental doctor, a Dr. Prior, that his spine was still bothering him?

7. Did Dr. Prior state that he would charge him with "malingering" if he complained again?

8. Was he also examined by other departmental doctors at the Givenchy barracks, Victoria, B.C., and did they say there was nothing wrong with him?

A. There is no evidence available about these allegations.

C. Third list of questions, page 5432, column 1. These questions refer to a period during which the man was serving with the armed forces. Complete answers in detail are therefore not possible in all cases at this time.

Q. 1. Was Connorton examined by Dr. Ross Robertson, neurosurgeon, Shaughnessy hospital, Vancouver, B.C., and did that physician allege the man had an immature spine?

A. Connorton was examined by Dr. Ross Robertson on the 9th November, 1945. No mention is made of an "immature spine" in this report.

Q. 2. Did Dr. Ross Robertson tell the man he would need as remedial treatment a spinal fusion operation to knit the spine?

A. Dr. Ross Robertson recommended spinal fusion.

Q. 3. (page 5433, first column) Was Connorton given a spinal fusion operation on November 15, 1945?

A. Yes.

Q. 4. Did the man lose the use of his toes in the left leg as a result of this operation?

A. No record.

Q. 5. Has subsequent remedial treatment for the toes proved ineffective?

A. Remedial treatment for weakness of the left leg has proved effective and on discharge from treatment 19th January, 1948, it was reported that there is no restriction of the movements of the left leg. This report states that the man has made good progress.

Q. 6. Was he subsequently examined in the Shaughnessy hospital, Vancouver,B.C., by the neurosurgeons, Doctors Boucher, Naden, Starr, Thompson and Black?

A. He was examined in Shaughnessy hospital by Dr. Black, and was referred to Dr. Stanley, psychiatrist.

Q. 7. Did these neurosurgeons turn him over to Dr. Stanley, departmental psychiatrist, and did Dr. Stanley state that there was nothing wrong with the man except in his imagination?

A. Dr. Stanley examined Connorton on the 21st May, 1946, on reference by Dr. Black. There is no suggestion in Dr. Stanley's report that there was nothing wrong with the man except in his imagination.

Q. 8. Was the man then discharged from the Shaughnessy hospital without pension for his condition, and did he accept employment as a fireman in the engine room of the C.P.R. steamer *Princess Elaine*?

A. He was discharged from Shaughnessy hospital to Gordon Head convalescent centre on the 18th June, 1946, and discharged from Gordon Head the 18th September, 1946. Pension, awarded 10th May, 1947, was made effective from the 1st June, 1946. Connorton went to work on the C.P.R. *Princess Elaine.*

Q. 9. Was he compelled to give up this employment after two weeks on account of his back giving out?

A. The records state he worked for two months on the C.P.R. *Princess Elaine.*

D. List of questions on page 5433, column 1.

Q. 1. Was Connorton again admitted to Shaughnessy hospital on September 18, 1946, and subsequently given an exploratory operation by opening up the spine?

A. According to the records Connorton was admitted not the 18th September, 1946, but the 18th November, 1946. The subsequent operation was a second spinal fusion.

Q. 2. Was he in consequence given a second spinal fusion operation? If so, when?

A. Yes, on the 8th January, 1947.

Q. 3. Has the man stated he cannot face the operating table again because of the suffering he has undergone during these two operations and because his powers of resistance are now undermined?

A. There is no record of such a statement.

In that connection very serious charges were made against the psychiatric service of my department as follows:

1. Question—Has a psychiatrist in such a position as, say psychiatrist to Shaughnessy hospital, power to destroy utterly a veteran's chance for pension by simply reporting "this man is definitely neurotic"?

Answer—No, the psychiatrist is in no position to exert any such power.

The psychiatrist's sole function is to diagnose the present medical condition and to afford all medical treatment possible for it.

Under the Pension Act, the psychiatrist's report and all other available data is reviewed and on this basis, the degree to which the condition has been aggravated during service is assessed and determined.

2. Question—Can a key psychiatrist free the commission from the responsibility of furnishing either the applicant or his representative with a summary of evidence?

Answer—Section 61 of the Pension Act reads as follows:

"Subject to departmental regulations, the following persons may be permitted to inspect the records of the department and all material considered by the board of pension commissioners for Canada, the pension tribunal, the commission or an appeal board thereof, in disposing of any application for pension—

(a) the applicant for pension concerned and such persons as may be employed by him to present a claim on his behalf before the commission or an appeal board thereof;"

The departmental regulations make all such information available to the persons mentioned above unless the imparting of such information would be contrary to the public interest or that the former member of the forces or his dependents would be prejudiced thereby. The decision as to whether neuropsychiatric cases or any other cases have their records made available to them or not depends on whether good or harm would come to the veteran by his obtaining this knowledge. If it is for his good these records are made available.

3. Question—Does this arrangement give the psychiatrists a strangle-hold upon the medical profession?

Answer—From the answer to question 2, it will be seen that this is not so.

4(a) Question—In order for the psychiatrist to exercise over the veteran such fearful power as is indicated in questions 2 and 3, is it necessary merely for the psychiatrist to label the veteran a "psychotic"?

Answer—It will be seen from the answers to questions 2 and 3 that "such fearful power" is not exerted over the psychotic veteran.

4(b) Question—If a psychiatrist labels a man as having "emotional instability", will that fact also deprive the man of pension rights?

Answer—If a psychiatrist diagnoses a medical condition as being "emotional instability", this does not deprive a man of pension rights.

5. Question—Do psychiatrists use what is called the pentothal test?

6. Question—What is the nature of this test?

7. Question—Do psychiatrists use what is called the truth serum test?

8. Question—Is there any difference between the pentothal and the truth serum test?

9. Question—If so, what?

Answer 5, 6, 7, 8, 9. Either sodium pentothal or sodium amytal (intravenous barbiturates), sometimes spoken of "truth serums", are used occasionally as part of the psychiatric treatment, as injections to permit the subject to recall rapidly memories which he may have repressed and may be interfering with recovery; they permit him to talk more freely about his trouble than would be the case otherwise. In each instance the patient receives an explanation of what will occur and he is never forced to submit against his will.

10. Question—Does the patient under the truth serum test go into a sort of trance, a state somewhat resembling hypnosis?

Answer—No.

11. Question—While the patient is in that state, can the psychiatrist make the patient answer questions according to the way they are framed, thereby causing the patient to say almost anything he, the psychiatrist, may desire the patient to say?

12. Question—Can the answers of the patient obtained in such a trance be used to defraud the veteran patient of his rights to pension and proper treatment?

Answer 11-12—There is no trance. The psychiatrist cannot make the patient say anything he pleases.

13. Question—Was this very technique employed against certain Hong Kong veterans so to deprive them? For instance, were Hong Kong men who survived the terrible tortures and privations of Japanese prison camps told in their examinations that they were not suffering from those most harrowing experiences but that they were suppressing childhood fantasies and fears?

Answer—No treatment techniques were ever employed against any veteran. No matter who the veteran may be and regardless of where he may have served, he is given the best treatment that can be obtained in Canada. Obviously if suppressed childhood fantasies and fears are playing a role in the illness of a Hong Kong veteran, then these things must be dealt with. Otherwise, he is not receiving good treatment. The stresses that he underwent as a prisoner are given major consideration.

14. Question—Did Doctor J. P. S. Cathcart, while in office as a sort of official psychiatrist for the Department of Veterans Affairs, publish the following statement?

"Popular belief to the contrary, mental diseases are not common hazards of war even for men in the field. If a man is mentally sound on entering the army, navy or air force he runs no greater risk of having his faculties upset than if he continued in civilian life."

Did he declare the belief that wartime service brings mental upset is unfounded and arises from ignorance fostered by ill-advised propaganda?

Answer—Dr. J. P. S. Cathcart, at that time (1940) chief neuropsychiatrist for the Department of Pensions and National Health, was interviewed by a reporter of the Ottawa *Morning Journal* and the statement quoted was published on April 18, 1940, as part of the interview. Dr. Cathcart's chief intention in this interview was to point out that as a result of studies made of enlisted men in the Canadian army during the first great war and comparable figures among the civilian population for a similar age group, there was no increase of the incidence of mental disease under war conditions.

15. Question—Did the Department of Veterans Affairs for a time base the treatment of veterans policy upon the principle laid down in that pronouncement, namely, that psychosis or neurosis was automatically a pre-enlistment disability?

Answer—No statement was ever made to the effect that a psychosis or neurosis was automatically a pre-enlistment disability and accordingly no policy could be laid down along these lines. When these illnesses occurred, treatment was supplied according to the individual case requirement.

16. Question—If so, for how long a period and between what dates was this principle used as the basis for departmental treatment of veterans?

Answer—See answer to question 15.

17. Question—If not, when and by what pronouncement was the principle and the policy announced in Cathcart's statement changed?

Answer—Since the policy never existed, this question does not apply.

18. Question—How many veterans' cases were disposed of by the department on the basis of pre-enlistment neurotic or psychotic disability during the period throughout which the Cathcart principle was in use by the department?

Answer—This question is not applicable in view of the answers to questions 14, 15, 16 and 17, since the assumption is based on false premises.

In reply to statement made by Mr. J. H. Blackmore, as reported in House of Commons debates, June 18, 1948, page 5434, column 2.

1. Statement—First, the evidence I have indicates too strongly that psychiatrists attached to the Canadian veterans affairs department are employed occasionally to deprive a deserving veteran of the financial reimbursement to which he is legally entitled.

Comment—This statement is unwarranted and entirely without foundation in fact. These physicians are employed for the single purpose of giving Canadian veterans every opportunity for recovery from psychiatric ailments.

It may at this time be pointed out that the professors of psychiatry from eight Canadian medical schools serve the treatment services of the Department of Veterans Affairs in some capacity. The leading psychiatrists in Canada are retained as part time consultants and the majority of those employed by the department are members of the American Psychiatric Association. When the hon. member from Lethbridge casts aspersions at D.V.A. psychiatrists, he therefore automatically includes the highest men in this profession in Canada. It is ridiculous for him to assume either that these physicians would allow their opinion to be purchased to the disadvantage of Canadian veterans or that the Department of Veterans Affairs would ever consider such a course of action, even if it were possible.

It cannot be stressed too strongly that the treatment services of the Department of Veterans Affairs exists for the sole purpose of assisting the veteran to the greatest degree possible in his physical and mental rehabilitation. There is no basis for any belief to the contrary.

2. Statement—Second, certain of these psychiatrists are of the type exemplified by General Brock Chisholm, a man who gave the definite impression that he was distinctly materialistic, if not crude, sordid or even sadistic in his outlook upon human life.

Comment—This is the personal view of the hon. member from Lethbridge regarding one psychiatrist and does not call for comments.

3. Statement—And, third, such so-called psychiatrists, men who should be called rather pseudo-psychiatrists, are not to be named in the same breath with those noble psychiatric healers who in Britain, the United States, Australia and other lands are, with Christlike devotion to spiritual values, salvaging wounded souls stricken by the desecrating hand of war.

Comment—There is a great deal of evidence available in the department and elsewhere which shows that this statement is not true. The psychiatrists in this department and psychiatrists generally in Canada are held in high repute by leading psychiatrists the world over and this includes opinions from those in Britain, the United States and Australia.

On the following day when the news of these charges was carried by the press I had, without solicitation or without any knowledge, a telegram from the president of the American Psychiatric Association in Topeka, Kansas, indicating a view on our services in Canada and the type of men engaged in that service. The telegram is as follows:

Accusations against Canadian psychiatrists in their treatment of veterans by a member of parliament are to be deplored because of extremely unfortunate effect of such misinformation. During the war in my position as chief consultant in psychiatry for the surgeon-general of the United States army, I personally visited many hospitals for veterans in Canada and know first hand of the work. I am personally acquainted with many Canadian psychiatrists and voice the sentiment of our leaders in American psychiatry in expressing high esteem of and regard for them. In their efforts to provide treatment instead of pensions they are acting in accord with best medical and psychiatric principles. For your own information Canadian psychiatrists have the full support in their efforts of the nearly 5,000 psychiatrists in our mutual organization the American Psychiatric Association. I hope you will give the Canadian psychiatrists your full support.

The author of this telegram has given permission for it to be used.

In addition to the questions already answered relating to Mr. Connorton, the hon. member for Lethbridge asked certain other questions relating to V-86097, Walsh, Stanley, L. These questions appear on page 5433 of *Hansard* of June 18. I should like to submit the answers to these questions. They are as follows:

Mr. Walsh enlisted in May, 1944, and was discharged in March, 1946, after serving in Canada.

In July, 1944, two months after enlistment, he gave a history of having been involved in a car accident some four months previously, following which he was in hospital for two days; X-ray reports at that time were negative. He also gave a history of having incurred an injury to his back with pain in the dorsal area left shoulder and arm shortly after enlistment, while engaged in physical training. He later gave a history of having been injured while playing football. Finally, on discharge, he complained of pain in the lower back and stated his back had become sore after he had slipped in the shipwright's shop in Vancouver.

Careful investigation was carried out, which finally resulted in a diagnosis of spondylolisthesis. A small congenital defect was also found in the fifth lumbar and first sacral vertebrae.

In its decision on spondylolisthesis, the commission took cognizance of the opinions of leading orthopaedic specialists, who are in general agreement that this condition may arise from fracture of the articular processes of the lumbosacral joint, or from imperfect development of the laminae of the lowest lumbar vertebra. As there was no evidence of a fracture but definite evidence, supported by X-ray findings, of a congenital defect, the commission ruled—bilateral defective laminae of fifth lumbar vertebra with spondylolisthesis, pre-enlistment condition, aggravated three-fifths during service in Canada.

The opinions of two specialists, to which reference has been made above, are as follows:

Specialist's opinion—dated April 18, 1947

"If one excepts acute fracture dislocation, there is no case of spondylolisthesis which is 'acquired'.

These cases are either congenital defects in the isthmus or by the alternative theory, fractures occurring at birth. This defect is very frequently accompanied by other congenital anomalies. It is possible, however, to have displacement forward of the body, in cases with defects in the isthmus, as the result of trauma. Usually, however, the process seems gradual. I have not been able to observe any connection between the degree of displacement and the symptoms of which the patient complained.

Many of the men complaining most bitterly, showed merely the defects without displacement.

This condition would appear much more prevalent than we at first believed. The improved X-ray technique now shows defects which would otherwise be missed. While the most common displacement is that of L. V. on sacrum, the displacement may occur elsewhere. I have seen L. IV on L.V. several times.

In the cases with displacement of body L.V. on sacrum clinically, the prominent shelf of the upper end of the sacrum and the local hollow just above are characteristic. Also the approximation of rib margins to iliac crests."

Specialist's opinion—dated July 31, 1947

"Most recent investigation indicates that the lesion leading up to spondylolisthesis is a separation of the neural arch probably caused by birth trauma. For this reason it is probably best to speak of the forward slipping as a congenital lesion. Pain usually occurs in periods of stress such as one would encounter in the army age period or in heavy work. A single relatively minor trauma may also start the syndrome of pain. True traumatic spondylolisthesis without any pre-existing bone lesion is extremely rare and is caused by a violent trauma, definite history of which will necessarily be readily available. So that a soldier may claim aggravation when he develops pain in the presence of spondylolisthesis if he can give authentic evidence of not having had pain previous to service."

Having read the record of various remarks of the hon. member for Nanaimo, the hon. member for Lanark, the hon. member for Kamloops and the hon. member for Vancouver South, I find it necessary to explain the policy of the department with regard to the medical treatment of non-service conditions. Firstly, the department does not charge a veteran $9 a day. The only exception to that rule is where a veteran or any other citizen is taken ill in the vicinity of one of our hospitals, is admitted as an emergency case, and is able to pay.

Secondly, the $9 rate is charged when the department admits a person to hospital at the request and expense of another government, another federal department, or some other agency. This rate is subject to variation; it represents neither profit nor loss to the department. It is the department's average hospital patient-day cost as last computed, and I believe that hon. members will find on inquiry that it closely approximates the cost of treatment obtained privately; that is ward rate, plus extras, plus medical, surgical and special nurse services.

Thirdly, free treatment is provided to a veteran who is a pensioner or a war veterans allowance recipient, or who served in a theatre of actual war and who meets the means test. Such free treatment is provided under a recent amendment for chronic, as well as acute conditions, except tuberculosis and mental disease, for which the province is responsible, alcoholism, and drug addiction. Even these conditions are not excepted in the case of a war veterans allowance recipient; he has complete coverage and no means test. Furthermore, if the veteran's income is less than $13 a month, an allowance of $5 a month for comforts and $8 worth of clothing may be supplied.

Fourthly, the hon. member for Nanaimo spoke of the personal welfare of the old soldier who comes into a hospital built for the express purpose of looking after him. These men pay something toward their quarters and rations. They feel they are paying their way; it is good for their morale, and my observation is that they like the arrangement. But they do not pay $9 a day; they pay $30 a month, and then only if their income is at least $43 a month and is not required for maintenance of dependents.

Finally, if hon. members wish more detail than I have given in this brief sketch, they can find it in our office consolidation of the treatment regulations or, if they prefer, any of my staff who are handling these matters from day to day would be glad to discuss it as fully as may be desired.

If it is the wish of the committee I should be glad to submit treatment regulations at the hospitals on that point. I should like to place them on *Hansard*.

Some hon. MEMBERS: Agreed.

Mr. GREGG: They are as follows:

Re: Treatment Regulations and Hospital Costs

A. Treatment Regulations

The following treatment regulations apply to veterans apart from those who are pensioned and receive treatment for their pensionable condition.

1. A veteran is treated for any condition arising in the first year post-discharge from the service.

2. He is eligible for treatment for any condition while in receipt of training allowances from the department.

3. He is treated for any condition if he is a war veterans' allowance recipient.

4. Domiciliary care, including treatment is given for all veterans with meritorious service where such care and treatment are indicated.

5. Treatment is provided for all conditions except tuberculosis, mental disease, alcoholism and drug addiction, to veterans whose financial resources are not adequate for them to obtain this treatment themselves, that is,—a veteran with meritorious service who has dependents and whose income is less than $1,800 a year receives treatment by the department. If the veteran has no dependents and his income is less than $1,200 a year, he receives treatment from the department. This treatment is given for any condition except the four types of diseases named above.

6. If a veteran is admitted for emergency treatment in a departmental hospital and does not qualify for treatment in any of the classifications, he is given treatment. If the veteran can afford to pay he is charged $9 a day for an all-inclusive treatment.

Other examples where this cost of treatment is recovered by the department are when the treatment is given at the request of another government department or where the departmental hospitals have facilities for treatment which do not exist in civilian hospitals; for example, the treatment of paraplegics.

B. Hospital costs

The average actual per patient day cost of operation of departmental institutions includes all services (doctors, nurses, etc.). This rate compares favourably and is generally lower than a similar service given in non-departmental hospitals.

Where the department provides treatment for veterans in a civilian hospital it has been found that the total cost per treatment is at least $9 a day.

C. Copy of synopsis of all treatment regulations follows:

May 18, 1948

Summary of Treatment Classification under Treatment Regulations

Department of Veterans Affairs

(x—Indicates treatment not provided.)

Class 1—(a) Pensionable disabilities; x(b) pension observations for commission; (c) pensionable disabilities—North West Field Force, 1885; (d) pensionable disabilities—service prior to world war I.

Class 2—Treatment within 30 days following date of discharge from active force.

Class 3—Treatment within 365 days of discharge from active force or Class 2 treatment, or during training.

Class 4—(a) Pensioned venereal disease or sequela; (b) venereal disease or sequela contracted on service.

Class 5—(a) Non-pensioned conditions—pensioners or meritorious service in theatre of actual war—includes ex-Imperials. Also trainees; (b) veterans recipients of war veterans' allowance; (c) pensioned condition where uncertainty regarding need for treatment, or for that condition; (d) pensioned condition—veteran under imprisonment; (e) where no entitlement.

Class 6—Veterans care—pensioners or meritorious service in theatre of actual war, or W.V.A. recipients—includes ex-Imperials and allied veterans.

Class 7—Pensionable disabilities, (a) ex-merchant marine; (b) ex-auxiliary services personnel; (c) ex-corps of Canadian fire fighters; (d) ex-air raid precaution worker; (e) injury during remedial treatment; (f) ex-voluntary aid detachment; (g) ex-overseas welfare worker; (h) ex-civilian member of overseas air crew; (i) ex-special operator; (j) civilian government employees (war) compensation order; (k) arising from flight in course of duty in public service of Canada.

Class 8—x(a) Completion of examination for commission; x(b) completion of examination for department; x(c) completion of examination for W.V.A. board; x(d) completion of examination ex-P.O.W.

Class 9—(a) Emergency hospitalization; (b) employee of department who contracts a communicable disease while on duty; (c) pensioner (25-100 per cent) who suffers injury while employed in industry.

Class 10—Persons who are total responsibility of Department of National Defence.

Class 11—(a) Pensionable disabilities—permanent force and R.C.M.P.; (b) pensionable disabilities—peacetime army.

Class 12—(a) Medical services requested by other governments or by responsible bodies; (b) medical services requested by any department of the government of Canada; (c) medical services to ex-Imperial or allied veterans requested by government concerned.

The hon. member for Trinity spoke of a reduction in 1936 of comforts allowances from $10 to $5 a month. I said I did not realize that there had been a reduction, but I would look into it. I find there was no such reduction. Perhaps the veteran who advised my hon. friend was confusing this payment with something else.

The hon. member for Vancouver South asked for figures to the end of 1947 showing the number of pension applications declined as pre-enlistment conditions not aggravated. The hon. member has figures as at June 30, 1947. I am sorry that in the time available it has not been possible to bring the figures to a later date, but I will provide them as soon as possible.

In reply to the hon. member for Bruce, I may say that 2,807 veterans of the world war were granted new awards of war veterans allowance during the fiscal year 1947-48, and, in addition, 999 widows were given an allowance for the first time during the same period.

Answering the hon. member for Calgary East (Mr. Harkness) and the hon. member for Nanaimo, no war veterans allowance payments are made to the Indian Affairs branch because the veteran is an Indian. However, in a number of cases administration is deemed to be in the veteran's interest whether he is an Indian or not. If he should happen to be an Indian, the logical person to administer the money in such cases is the Indian agent. Such cases number less than twenty.

The war veterans allowance board does not receive information as to the individual distribution of band funds if such is done. Pay-

ments of treaty money are reported, but in no case have they been sufficiently large to have any bearing on the award made to the Indian.

The hon. member for Nanaimo referred to the status of our seamstresses. The department employs seamstresses throughout its several institutions, but these personnel occupy temporary positions exempt from the Civil Service Act, which consequently are not found in the detail of classified positions. They are paid at the prevailing rate as advised by the Department of Labour for such employment in their respective areas. In the Toronto, Montreal and Vancouver areas they are paid $960 a year, elsewhere $756 a year. The department has under active consideration the propriety of a general upward revision of the compensation to this group of employees.

In the detail of items appearing on page 5486 of *Hansard,* the words "provisional lands" in line 2 of item 551 should be corrected to read "provincial lands".

As to the question asked just now by the hon. member for Vancouver South, I have the final report of the parliamentary committee on veterans affairs, and I will bring that forward to the attention of the government during the recess.

Mr. GREEN: Has any action been taken with regard to any of these recommendations? For example, there was a recommendation with regard to the size of a small holding in the Yukon. I think that change could be made by order in council and does not require legislation. There may be other recommendations that could be made without amending legislation.

Mr. GREGG: No action has been taken on the main recommendations, but in respect of the one mentioned by the hon. member just now, definite action is going forward during the next three weeks to see whether the Yukon situation cannot be solved under authority at present existing.

Mr. GREEN: Has any action been taken with regard to such recommendations as those in favour of former members of the Canadian Red Cross Society and the St. John Ambulance Brigade? The hon. member for Wentworth asked me to bring that up. The committee recommended that they be granted (a) if pensionable, eligibility for vocational training as provided for veterans, or equivalent educational training; and (b) a gratuity of fifteen dollars for every thirty days of service in an actual theatre of war. Has any action been taken on that recommendation, or is it possible to take action without amending legislation?

[Mr. Gregg.]

Mr. GREGG: No action has been taken; but the items mentioned, as well as others in the recommendations, are being carefully studied with a view to finding out, before taking it up with the government, the point mentioned as to what method would be most appropriate if action is needed.

Mr. GREEN: There was also a recommendation that vocational training be made available for the men of the merchant navy. Is it possible for that to be done without an amending statute? I would suggest to the minister that the benefit be not restricted to vocational training. I know several young men who served in the merchant navy and who are attending university. I am afraid that the recommendation of the committee does not include the educational benefits. The minister will correct me if I am wrong on that point. I hope that when the recommendation is being considered the minister will see fit to give them, not only vocational training but also educational benefits. It is a most unfair situation when you have two young men in the same class at university, one of whom served with the merchant navy under fire, the other having served only in Canada, and the man in the merchant navy can get no help, whereas the man who served only in Canada gets an educational grant. I suggest that there is no justification for a situation of that kind.

Mr. GREGG: As to the recommendation of the parliamentary committee, while these young men had had an opportunity for training in seamanship, evidence was brought before the committee which made it appear that the demand for work as seamen in civilian life was not as great as during the war, and the view of the committee was that something should be done to provide them with an opportunity for vocational training in other fields of activity. There was no recommendation as to university training. Incidentally, I believe there was little demand, but no recommendation was made. I have undertaken a study of vocational training possibilities in co-operation with the Department of Transport, which is also interested in it.

Mr. GREEN: One more question. There was a recommendation that the crops of Canadian overseas firefighters should be made eligible to receive the Canadian volunteer service medal and also that they be given the veterans preference in employment in the civil service. Certainly it is possible to give them that medal without further legislation, and I hope the minister will see that they get it. I suppose they could not get the benefit of the preference without legislation. The minister will tell me whether I am correct.

Mr. MUTCH: Before the minister speaks, may I point out that the recommendation of the veterans committee was broader than has been indicated by press reports or by the remarks of the hon. member for Vancouver South. The recommendation of the committee with respect to firefighters was to the effect that they should have granted to them the residue of those benefits which are accorded to veterans, which are still applicable, and special reference was made to the C.V.S.M. and to the civil service preference, because the delegation which appeared before us laid particular stress on that. In the case of the C.V.S.M., they pointed out that they had themselves served in uniform continuously on the job and as such are entitled to wear the medal, and it was pointed out that their families were embarrassed by unfortunate incidents arising out of the fact that they did not have the medal.

The committee was aware of the fact that the very nature of the order which created the medal did present difficulties in the granting of the medal, because it is a volunteer medal for service in the armed forces of the country. The committee felt, in view of the fact that it had been given to certain other groups, that they were justified in making the recommendation. They do not restrict the recommendation to these two classes, although they were specifically mentioned.

The DEPUTY CHAIRMAN: I have been asked to allow this item to stand, so that the Prime Minister may deal with his estimates.

Item stands.

GOVERNOR GENERAL AND LIEUTENANT GOVERNORS

113. Office of the secretary to the governor general, including the salary of the secretary to the governor general at $7,600 additional to salary authorized by R.S.C. chap. 182, $111,468.

Mr. MACKENZIE KING: This item relates to His Excellency the Governor General and lieutenant governors. It is statutory for the most part.

Item agreed to.

PRIME MINISTER'S OFFICE

116. Salaries of staff and other pay-list items, $93,972.

Some hon. MEMBERS: Carried.

Mr. POULIOT: No, Mr. Chairman; we cannot let this item pass like that tonight. This is the item for the Prime Minister's office. In the past there have been some little celebrations on the occasion of the departure of the Prime Minister for a trip overseas, when he was going to a conference. The members of the house wished him Godspeed, a safe return and things like that. That was all very nice, timely and appropriate with regard to those minor things like a trip overseas, a trip to the continent, a trip to Paris, or a trip to San Francisco. Before Mr. King went to San Francisco, I remember that it was suggested that he should be the president of the united nations; but he was not interested. Since then, the Prime Minister has made the decision to leave the position of Prime Minister. Two years ago I suggested to him that he should do so, and I was his best friend when I told him that. When I said that it was not because I am an unfaithful follower. At times I may be misunderstood, but I am always faithful. It was during the post-war period and it was necessary for us to rebuild over the ruins of the war. I thought then that the best man for the job was a man of action like the present Minister of Trade and Commerce, and I suggested him. I had made no pledge. I was just as independent as I am now. But, as the Prime Minister himself had said, without any suggestion being made to him by anybody, that it was his own express desire to get out of the picture, I thought we must respect the desires of a gentleman who has had a most successful career in politics and who thinks he has been leader of the party long enough. My idea was just to concur in the wishes expressed personally and often by my chief.

I then made another suggestion. I said that the Prime Minister should drop the portfolio of external affairs. He was dissatisfied with his trip to Paris in the spring of 1946 or in the fall of 1946, I forget which.

Mr. McLURE: Carried.

Mr. POULIOT: I would ask my hon. friend to wait a little; and if I do not interest him I suggest that he go to sleep.

Mr. McLURE: I have been waiting for a long time.

Mr. POULIOT: When my hon. friend interrupts me, I have the impression that he snores. It is a feeling that I understand quite well. I do not expect to keep anybody awake. But I leave it at that. These are matters of great importance; and they are of greater importance because tonight the alpha is the omega, meaning by that that the first letter of the alphabet is "Z"—omega in Greek. But my language will not be Greek; it will be easy to understand.

An hon. MEMBER: It is still Greek.

Mr. POULIOT: I will speak in my own plain English that puts the hon. member for Queens to sleep. Now that he is sleeping well—

Mr. KNOWLES: You hope.

Mr. POULIOT: —I will go on with modern history.

Mr. MACDONNELL (Muskoka-Ontario): Not for too long, I hope.

Mr. POULIOT: I suggested also that the Prime Minister should drop the portfolio of external affairs, and I gave the reason why. He was dissatisfied with his trip to Europe. Whether it was in the spring or fall of 1946, I do not remember exactly; I know it was in 1946. He said that when he was in Europe he could not think of anything other than European affairs. That was a statement which surprised me greatly, because when I returned to Canada from England some years ago and saw over the hill the spire of St. Paul de la Croix in my constituency, I was moved to tears because I was coming back home. But impressions may be different. I understand that one may be taken up by the atmosphere of Europe, especially in certain circumstances, to the point of forgetting Canada. But I was greatly surprised.

There was something else, however. Now I remember that the Prime Minister landed in Canada on the day of the prorogation of the session in 1946; it was around August 30 or September 1. But my speech was made on August 28, 1946. I remember what was said by the Prime Minister on this occasion; and I remember the reports in the press. I told him that he should have resigned before his trip, because if he had not gone to Paris, and if someone else had gone in his stead, everyone would have said how unfortunate it was that Mr. King was not there, and that if he had been there he would have settled the question. That is an observation which I was not alone in making. It was made by all those whom I met around that time.

What happened? I represent a constituency of lower Quebec, but when I speak like this I speak respectfully and sincerely. I am sure the Prime Minister realized that such were my feelings, because as soon as he landed on Canadian soil he hastened to transfer the heavy burden of external affairs to the present minister, following the suggestion I made. It was not advice; it is not for me to give advice to my chief, but on my advice that he should drop that portfolio, he did so. He was relieved of a great burden, which was assumed by the present Secretary of State for External Affairs.

But, sir, there are other things. The Prime Minister is still the first minister, is still the president of the privy council, is still the big boss. I remember when I was first elected when I felt secure within the party because the party was doing nothing that was not submitted to and approved by the caucus. No policy was enunciated until it had been approved by the party rank and file. This gave a feeling of confidence. Then, as I have said before in the house, I had the comfort I feel when I go to sleep on the train. I rely upon the crew of the train. I do not think of the crew, but I go to bed and to sleep. Then I was trusting the party entirely, because it was consulting members of parliament who were responsible for the policy of the party.

Mr. CASTLEDEN: What has this to do with the item?

Mr. POULIOT: Those were the olden times. Perhaps the ministers were not all as bright as those we have now, but they were all stalwarts who had the old parliamentary tradition; men like George P. Graham, Ned Macdonald and others who were around the Prime Minister. Then the Prime Minister did nothing without consulting them, and always he was consulting the party. I knew then the decision of the party was the decision of the majority.

Since then, because of a change in government in 1930 and due to war conditions, things have been different. For eighteen years I have been miserable, and I do not want to be miserable for another eighteen years. I do not want my son to be miserable when he reaches his majority; and I do not want future generations to be miserable. I want responsible government.

Mr. BENTLEY: You do not care about this generation?

Mr. POULIOT: Well, our days are past.

The DEPUTY CHAIRMAN: Order. We have before the committee at the moment an item which has to do with the salaries of staff and other pay list items, amounting to $93,972.

Mr. POULIOT: Yes, sir. I regret very much to have to say this, but I have been waiting for eighteen years to do so. I do not want to be unpleasant, but I have a duty to perform and I intend to perform it. I am speaking of the relations that should exist between the Prime Minister and his supporters in the House of Commons.

The DEPUTY CHAIRMAN: Order. The salary of the Prime Minister is not included in this item, and I think we should keep to the item which is before the committee.

Mr. POULIOT: Yes, sir, and I shall keep to the item. I have the greatest respect for the Chair, and I am not doing this to satisfy any rancour, because I have none, nor am I doing it to be disrespectful. I do it in the hope that the next prime minister will adopt a different attitude with regard to members of

parliament from what we have had for the last fifteen years. This is the connection between the item and what I am saying. I do not think there should be any acrobatics with respect to the position of Prime Minister. What is most important is not to remain in office but to have the confidence of members of parliament by consulting them, by giving them inspiration to fight for a definite program in the old manner, the manner of Laurier, of Ernest Lapointe, of George P. Graham, of Ned Macdonald, of Fielding and all the others I have known and fought under. It is time the Liberal party changed its attitude of worship of one man and returned to the old system of co-operation between all members of parliament.

The DEPUTY CHAIRMAN: Order. I must ask the hon. member to deal with the item before the committee. He is not dealing with it at all.

Mr. POULIOT: Mr. Chairman, this is a vote for the Prime Minister's office for the year ending March 31, 1949. Who will spend that money?

The DEPUTY CHAIRMAN: The Prime Minister's salary is statutory and not included in the item before the committee. This item just deals with the salaries of staff and other paylist items. The hon. member knows that speeches in committee must be strictly relevant to the item under consideration, and I hope the hon. gentleman will try to deal with the item.

Mr. POULIOT: Yes, sir; and I shall satisfy you as to that. I want to know who will give instructions to the civil servants whose positions are mentioned here, until the end of the fiscal year. If the position of prime minister is statutory, all right.

The DEPUTY CHAIRMAN: The salary is statutory.

Mr. POULIOT: I am not speaking of that.

The DEPUTY CHAIRMAN: I hope the hon. member will deal with this item.

Mr. POULIOT: Yes, sir. The details of the item are shown on page 223 of the estimates. There is a special assistant to the Prime Minister, a secretary to the office of the Prime Minister, a confidential officer, Prime Minister's office, a head clerk, principal clerks and so on. Who will give instructions as head of that branch of government, from the time of the Liberal convention—if it takes place—until the end of the fiscal year? I am quite in order in asking that question. It is most unpleasant for me to have to do so, but I asked the question yesterday and I want to know if the gentleman who actually gives instructions to these civil servants enumerated at page 223 of the estimates will be the same gentleman who will give instructions until the end of the fiscal year, and if he will expect to have his name in nomination at the convention, or if he will withdraw it in order that all the other candidates may have an opportunity to run.

I am not going to insist upon it, sir, though I could say much more. I suffered in silence for eighteen years and compared what had happened in the past with what was happening now. I want to see the Liberal party as strong as it was before and I want my colleagues to be successful in the country. I should like to know if the Prime Minister will be a candidate at the next Liberal convention in Ottawa?

Mr. MACKENZIE KING: Mr. Chairman, I might perhaps say a word to my hon. friend. I am afraid I shall have to read his remarks carefully in *Hansard* to grasp what it is he is protesting against, and what it is he wishes me to do or not to do. The hon. member for Temiscouata and I have a very good understanding of each other, but I fail to comprehend tonight what it is he is so greatly disappointed about. I do not think anyone could be more conscious of his many limitations than I am when it comes to being able to satisfy the generous aspirations which so many of my fellow Liberals have had for myself. There is nothing I regret more than that it has not been possible to perform the duties expected of me from day to day, and at the same time see more of the members of the house personally, to do many things which have been left undone during the course of the years that I have held office. There is one thing that I am perfectly sure about, however; it is that I have never at any time, as far as I am aware, forsaken the doctrine of responsible government and attempted to set myself up as a dictator. At all times, I have sought to be guided by the counsel of the cabinet and by my following in the House of Commons, as well as by the opinion of the House of Commons generally as expressed from all sides.

I shall have no regret in my remaining days over not having had full consideration for those who have honoured me with the position that I hold as leader of my party, and who have entrusted me for over twenty-one years with the high office of Prime Minister of our country.

May I say just a word with regard to the office of Prime Minister. I am glad the hon. member brought up the matter; otherwise I should probably not have spoken at this time. I believe he is quite right when he says that

the burden has been a little too heavy, and for permitting that perhaps no one is to blame more than myself. I have hesitated repeatedly to ask this house to enlarge the staff of the Prime Minister's office. I carried on through the war with the position of Secretary of State for External Affairs because I felt that at that time it was better in every way that the two positions should continue to be combined. I have never regretted that course because I was and am sure it was the right one. Immediately after the war there were many questions that arose out of the war which still had to be dealt with and for a time I continued to hold that office as well as the office of Prime Minister. But I can assure my hon. friend and others that it was not through a desire to hold on to too many offices. I was anxious to prepare the way to be free of one office that I had held over so many years so as to retain, with more in the way of freedom, the office of prime minister.

As a matter of fact, if I had consulted my own personal wishes, in 1945 immediately after the election I would not have waited until the present to give up the leadership of my party. I would have given it up a year or two sooner than I am now proposing to do except that I gathered from my party, particularly from my followers in this house and the ministers around me, that they hoped I might continue to hold office still for some time. Indeed I can say to my hon. friend that I know of nothing of which I shall be prouder for the remainder of my life than the fact that if it were a question tonight as to whether I should continue on through the remainder of this parliament and through another general election I would be given by the members of my party in this house and in this country well nigh unanimous support toward that end.

I have felt that the time has come when someone else should take over the duties and the office of leader of my party and of Prime Minister. I feel that I have done my full duty and my part. For some time past I have made it quite clear that having received the leadership of my party from the party itself I intend to ask the party to allow me to return to its members the trust they placed in my hands, and which I shall have held for twenty-nine years when the convention takes place on August 5, 6 and 7. I shall still for a short time remain in the office of Prime Minister. When I will give up the office of Prime Minister will depend upon circumstances that may exist at the time of the convention as they may relate themselves to the immediate future. In addition to other things it will depend upon the wishes of whoever may be chosen to succeed me in the leadership

of the party and what may best suit his convenience. I have made it quite clear right along that while this would be the last session in which I would appear in this house as leader of the government, I did not mean to give up the leadership of the government the moment I gave up the leadership of the party.

Only a few weeks ago I made a statement in the presence of the press and many members of this house that it might be two or three months after the convention before I would be giving up the position of leader of the government. I mentioned one or two things that I had then in mind. The obligation with respect to retaining office is one that I owe to the crown. How long I shall continue to exercise it will, as I have said, depend upon circumstances which I shall have to consider carefully. These circumstances, at present unknown, will help to determine the advice I shall give the crown as to whom my successor should be, and as to the time at which the advice should be tendered. Much, of course, as I have said, will depend upon the wishes of whoever may be chosen as leader of the party at the convention, and upon conditions that may be existing in other parts of the world as well as in our own in relation to great matters of state consideration of which no Prime Minister dare shirk in times like the present. I wish to make it quite clear however that I shall not be appearing in this house as leader of the government at its next session.

Before leaving office there are one or two things I should like to say about the Prime Minister's office. I hope that in subsequent sessions for my successor, whoever he may be, more provision will be made than has been made in the past for the Prime Minister's office. If one looks at the estimates he will see that the staff of the Prime Minister's office is quite small. It is practically what it has been over many years. An explanation of that is that it has been and still is in large part associated with the office of the Secretary of State for External Affairs and the office of the President of the Privy Council. The duties and responsibilities of both those departments of government have grown tremendously within recent years. The Department of External Affairs has become one of the great departments of government and certainly demands all the time that a minister can give to it. The Prime Minister's office still has the advantage of close association with the Department of External Affairs in the matter of recruiting from that department a part of its staff. At the present time some members of my staff really belong to the Department of External Affairs, having

been seconded to the Prime Minister's office. I think that is a very desirable practice to have followed. But the Prime Minister's office should, I believe, be increasingly staffed with its own officials to a number which would be adequate. The same is true of drawing for assistance upon the office of the president of the privy council. That office I think has become one to which a minister of the crown might well give his whole time, regard being had to the extent to which the duties of the office have expanded in recent years, the number of questions that have to be considered, the many subjects, both of national and international concern, that have to be taken up by the cabinet as a whole, to say nothing of the business of the cabinet as it has to be arranged and carried on from day to day.

There is one other thought I should like to express. I can make this observation now when possibly it might have been misunderstood before. I hope that subsequent parliaments will make provision for an official residence for the Prime Minister. Ours is one of the few countries in the world where that has not been done. Personally I have been fortunate in having had Laurier House left to me by Lady Laurier. I was left the house itself, but all its contents were, under Lady Laurier's will, left to her nephews and nieces, as one would expect would be the case. Had it not been for the generosity of friends who helped me to furnish Laurier House, I doubt very much whether I would have been in a position to occupy it. However, through the generosity of some friends, and, in particular, I would mention the late Hon. Peter Larkin, I was fortunate enough to be able to have my house furnished in a way which lends dignity to one's home, and particularly the home of one who is occupying high office.

I hope through a kind Providence I may be spared for some years to enjoy Laurier House as my home. I should, however, be very sorry indeed if my successor in the office of Prime Minister were to find himself in the position in which I have been right along of being obliged, in addition to paying taxes on his income, his salaries and the like, to have to pay taxes on the house in which he is living and which is regarded by most people as an official residence and be obliged to provide the lighting and the heating, as well as the necessary services, and to have in addition to look after maintenance and repairs.

There is an impression among a great many people in this country that Laurier House has been maintained by the state. It has been maintained by myself personally out of my own pocket and my own income, and if I have not been able to invite my hon. friend and some members who are about me at the moment and many others as often as I should like to have done and extended as much in the way of hospitality as I should like to have done, that is one of the reasons. I hope that my successor, whoever he may be, and subsequent gentlemen holding the office of Prime Minister will not be embarrassed in that way. The obligations are very great indeed upon the individual who holds the high office of Prime Minister of his country. The state should seek to make the leader of its government independent of considerations of the kind, that he may give his whole time and thought and energy to the discharge of his public duties in the largest possible way.

Item agreed to.

PRIVY COUNCIL OFFICE

Federal district commission—

809. To authorize the establishment of a special account in the consolidated revenue fund, to be known as the national capital fund, consisting of such amounts as may be appropriated by parliament for the purpose out of which the Minister of Finance may from time to time, on the recommendation of the president of His Majesty's privy council for Canada, pay to the federal district commission amounts to be expended by the federal district commission with the approval of the governor in council for the construction, operation and maintenance of works or projects within the national capital district in keeping with an approved general plan for the improvement and development of the national capital and not in the nature of ordinary municipal improvements—amount required for the fund, to be effective July 1, 1948, $2,500,000.

Mr. McLURE: I would ask the Prime Minister with reference to this item of $2,500,000 for the national capital fund, whether he proposes to implement his suggestion of a year ago and appoint a man from each of the provinces of Canada to the national capital planning committee.

Mr. MACKENZIE KING: I am glad my hon. friend has asked that question. The answer is yes. The reason no appointments have been made up to the present is that it was thought advisable to wait until the time when parliament had expressed its intention to carry out the larger essential developments, the first of which was mentioned the other day.

Item agreed to.

DEPARTMENT OF VETERANS AFFAIRS

532. Departmental administration, $2,253,340.

Mr. BLACKMORE: Inasmuch as the hour is so late in respect of both the evening and the session I would be very happy to be

freed from the obligation of speaking tonight at all. I have endeavoured several times previously to find an opportunity to present to the house and the country the things which I feel I ought to present but have been unable to do so. Before saying what I feel I ought to say, I should like to assure the Minister of Veterans Affairs that I have no ill will toward him. I have only sympathy for him in the responsibility which he has been called upon to assume, because I believe he has an exceedingly difficult road to travel.

I should like to recall to the house the fact that the other day I asked some questions about a veteran, Thomas Harvey. The reasons for my intense interest in that case were such that I think every member of the house would wish to know about them.

On June 14, 1948, I received a letter which I am going to read rapidly to save the time of the house, but it will appear on *Hansard*, so that members can read it. It is as follows:

Thomas Harvey
Ward A, Ste. Anne's Hospital,
Ste. Anne de Bellevue, P.Q.

There is no date on the letter, but the envelope is postmarked June 14, 1948. I have the envelope here, which can be seen. The letter reads:

Dear Mr. Blackmore:

Having read in the Montreal *Star*, June 9, of your speech on behalf of two Vancouver veterans, I would like to enlist your help in my case.

I am afraid to write to anyone in the government because I am afraid of being locked up in solitary confinement where I had been held incommunicado these last six weeks. I do not relish another term.

A criminal is at least given a chance to plead his case before a judge, but I was taken by force from St. Hyacinthe and locked up here at Ste. Anne's, for nothing.

I understand that this is supposed to be a free country. I don't think so. I don't like Ste. Anne's as I have always been abused here, and I want my release so as I can enter a hospital where I know I will be treated according to law. I am entitled to sign out of hospital but I am refused the privilege.

I am a prisoner here and not receiving treatment. I am refused the privilege of seeing my family. I cannot get a pass like other patients and I am taking a big chance writing this letter to you. If I am caught I will be taken to the cell again so I am appealing to you to stand by me and give me protection.

When I was taken by force from St. Hyacinthe I was not even given a chance to bring my belongings and I left a hundred dollar radio there. The patient I left it in charge of has sold it. Now I am told it is too bad but nothing can be done about it.

[Mr. Blackmore.]

Please get me out of this place. I am depending on you to get me released from here, as my health will never improve as long as I am unhappy, and held against my will.

Thanking you kindly, I remain

Yours truly,
Thomas Harvey.

P.S.—On receipt of this letter please send me a telegram collect, saying "Am investigating your case."

When I receive your telegram I will feel safe as they dare not abuse me knowing you are on the job, and I will be able to relax. Until I hear from you I will be in fear, so please do not fail me. I will pay the telegram.

T. Harvey, D-76502.

I wonder if there is an hon. member in this house who, upon receipt of a letter such as that, would not feel he had been called upon to assume a responsibility. I examined the letter with great care, as did also one or two of my friends, and as we could see no indication of insanity in the man I felt that the wise thing was to do what he had asked me to do. So I sent him this telegram the following day:

Ottawa, June 15, 1948

Mr. Thomas Harvey
Ward "A" Ste. Anne's Hospital
Ste. Anne de Bellevue, Quebec

Am investigating your case.

J. H. Blackmore.

That is what the man had requested. The telegram had not reached him by the afternoon of the 15th. We received word from the Canadian National, by which we had sent the telegram, that it had not been delivered. This was the word which was given us:

C.N.R. (John Larouche speaking) phoned June 15 3.45 p.m. approx. that the telegram to Mr. Harvey was undelivered because Mr. H. has been discharged from the hospital. Last address was Ford Hotel, Montreal, enroute to Ottawa. 47 cents toll charges.

Taken by D.M.

I am putting in these little details to show hon. members how real this thing is and what a difficulty it puts me in. I did not know what to make of that situation, but we had the Canadian National Telegraphs look into the matter as far as they possibly could, and I received this word on the 16th:

Ryd re Thomas Harvey ward A Ste Anne Hospital was discharged June 14 as advised by information bureau. Names are Mr. Brule and Mrs. Taylor.

That puts me in a difficult position. I had never been in a situation of that sort, and I did not know just what to do.

Harvey came to my room on June 16. In accordance with the information that was given

in the telegram that he was on his way to Ottawa, he came to my room on June 16. I treated him as I would have treated any Canadian. I met him just as a fellow Canadian. I took him to the House of Commons reading room, obtained permission for him to sit while he wrote a deposition, feeling that this was the first thing that the House of Commons and the country would desire me to do. I took Walter H. Kirchner, who had been visiting with me, down and introduced him to Harvey to make Harvey feel more at ease. I also desired to have the benefit of Mr. Kirchner's wide experience to aid me in appraising this unusual case.

Harvey finished his deposition, and we had it typewritten on June 17. On that date Harvey signed the statement in the presence of witnesses. I think it would be fitting if I should give the committee a little memo on this point. These are the words from the memo made by Mr. Kirchner, who had a wide experience with soldiers and kept a careful record of his relations with this gentleman. These words were written on June 16, 1948:

I met Thos. Harvey for the first time in the reading room of the House of Commons. He had been unshaven for two days, having hitch-hiked from Montreal.

He related how he had got out of Ste. Anne's after being held there "incommunicado". He was compiling a statement of the reason for his present plight. He looked like a man who had undergone great strain and was quite "washed up". Stated he had been discharged from Ste. Anne's without a cent of money.

June 17: He stayed at the mission in Ottawa. Had shaved, a good night's sleep, bath and food. Would only accept enough money to pay for a few incidentals, meals, etc.

Friday, June 18: Harvey showed me a railway warrant given him by a C.P.C. doctor in the Daly building providing him with transportation to Montreal. He stated the D.V.A. informed him they had sent a cheque for $150 which was due him to his Montreal address but gave him no funds here.

He said he wanted to get to Montreal so as to bring back his documents in order to complete the statement of his case. I told him it would be O.K. if he reported back here (Ottawa) on Tuesday, June 22.

Hon. members will understand why I became more concerned about June 23 or June 24 because this gentleman did not return. I think it will be quite easy for all hon. members to realize just why I should have been greatly concerned and what was the anxiety of my mind. I desire to ask several questions, not because I expect the minister to be able to answer them, but in order that hon. members and the people of Canada should be able to get what I consider to be the salient points of this case clear in their mind:

1. Was Thomas P. Harvey regimental number D76502, pension No. 550593 classified as A-1 when he enlisted in September, 1939, and classified as category E upon his discharge in 1940, though not even x-rayed, and though being told that there was no need of treatment?

1. (a) When veteran Harvey was discharged was he left several years without means of supporting his family with apparently serious consequences as regards his wife?

2. Was veteran Harvey refused medical treatment on grounds there was nothing wrong with him?

3. Did he then go to a civilian hospital and receive the decision that he had T.B.?

4. When he took back to the D.V.A. civilian proof of his T.B. was he told that because he had been out of the service more than a year he was ineligible for treatment?

5. Did veteran Harvey try to work but fail to carry on because of his pain?

6. Was he consistently refused pension?

7. Did he finally in a sort of desperation resort to a measure of violence in Ottawa in 1944 to draw attention to his plight?

8. Was he then admitted to the Veterans Pavilion, and was this the first time he had been admitted to a departmental hospital in four years?

9. Was he then removed under escort, to Ste. Anne's, Ste. Anne de Bellevue, P.Q.?

10. Does he state that in that institution he received harsh treatment, including being beaten into insensibility and thrown into a locked ward among demented veterans?

11. Was he later let out from that institution upon promising not to fight his pension claim or to write to members of parliament.

12. Does he declare that he was then haemorrhaging and that his condition was growing worse but that the D.V.A. still refused to treat him?

13. Did he then go to Ste. Agathe public sanatorium, and in May, 1946 have seven ribs removed to collapse his lung?

14. Did word then come that the pension claim that he had been fighting six years had been finally granted?

15. Was he about that time transferred from the public sanatorium to Lachine veterans hospital?

16. From that hospital was he discharged in July, 1946?

17. Did he, while doing a light job as orderly at the Veterans Pavilion, suffer because his affliction became active in January, 1948?

18. With a letter from Doctor Brown of the veterans pavilion did he apply for treatment at D.V.A. Montreal?

19. Was he told he must go to Ste. Anne's?

20. Remembering the treatment he had received at that institution, did he refuse to go there and request to go to the Queen Mary or St. Hyacinthe hospital, or to Sunnybrook?

21. Did he then enter St. Hyacinthe in February, 1948 and did he make fine progress in that institution?

22. Was he taken forcibly in May from St. Hyacinthe to Ste. Anne's without even being permitted to take his personal belongings?

23. Was he detained in Ste. Anne's for weeks incommunicado with treatment at least unfit for a veteran?

24. Did veteran Harvey receive discharge on June 14?

25. Did he then go to see Mr. Haig, district administrator and Mr. Perrault, without much encouragement? Did he then see Mr. Binns of the welfare department, and did that official tell the veteran that he had a persecution complex and forcibly eject him from his office?

I think all hon. members can realize readily that if these questions have to be answered by yes, or any considerable number of them, then the Minister of Veterans Affairs has a difficult task ahead to clean up a most undesirable state of affairs in his department.

I shall read the deposition of Mr. Harvey, so that the committee can have before them the evidence that I had, and they can weigh it and determine what ought to be done:

The Union Mission, 35 Waller Street, Ottawa, Ontario, June 17, 1948

Statement by Thomas P. Harvey, Regimental No. D76502, Pension No. 550593.

1. September 28, 1939, I enlisted with the R.M.R. About a month after, while doing P.T. exercises was taken with severe pains in my chest; reported right away and sent home for a couple of days to recuperate. On returning to the regiment after my couple of days were up I reported to the M.O. that my pains were still there. I was then strapped up with adhesive tape to relieve the pain and put on light duty. I was transferred from the R.M.R. to the Third Infantry Brigade Headquarters as mess steward, and went overseas in November, 1939, with my chest still taped on account of pain.

2. My duty as mess steward started at 5 a.m., getting fires lit and preparing breakfast, and I finished about 8 p.m. at night, stood on call for whatever was needed by the officers such as tea and toast brought to their rooms, before retiring for night; and often at 1 p.m. and 2 p.m. at night had to leave my bed and open the door and make something to eat for officials returning from pass.

3. I was kept busy from morning until night and for four months I never had a day off. My health was failing, and I knew I could not carry on much longer. I asked the mess president to send a car and take me to a M.O. as there was none at our headquarters, which was a golf club taken over by the army. The mess president refused to let me off to visit the M.O. and told me I was swinging the lead. My pains were getting worse so I asked Major General Price who was in charge of our brigade, and a resident of the golf club if it were possible for a private to lay charges of abuse against an officer. He told me, "Yes", so I had the president of the mess, Captain Haljerston, paraded before Major General Price, and charged him with refusing to relieve me of duty while sick, and refusing to obtain medical aid for me. Major General Price said he would look into these charges and see what could be done.

4. About three days after the laying of my charges I had just finished serving dinner when the mess president called a meeting of all batmen cooks and myself, to tell us he was sorry we had been kept so long without leave, and he was going to arrange for relief to come from the regiment barracks in the future. As spokesman for all mess personnel I told him it was about time and that it should have been done long ago.

5. He then told me that because I paraded him, he was kicking me out of my job and taking me back to his own unit where he would make life miserable for me for daring to parade him.

6. I told him that if he was going to use his rank to get even with me that he was no officer but a rat, and if he was any kind of a man to take off his tunic and fight me man to man. This was told to him in the presence of 14 staff officers, including Major General Price and Major General Pearkes, V.C. I wanted to come to blows with him on account of the abuse I had received from him, and I would have if the Padre had not intervened. No charges were laid against me, but I was relieved of duty and sent to No. 1 convalescent depot where I was examined by doctors, and in a couple of weeks I was on my way back to Canada, with the pains in my chest bothering me still.

7. On June 10, 1940, a couple of days after I arrived, I was asked to sign my discharge. I asked if I was going to receive treatment for my pains. I was told no, so I refused to sign unless I was given medical treatment. I was told I would sign or stay in detention until I did. Seeing I had no choice I signed under protest. I had to turn in every stitch of uniform and was handed $35 for clothes, plus $7.83 pay due to me. I was not even X-rayed on discharge and, although they told me there was no need for treatment, I was discharged, category E, the lowest possible medical category—after enlisting as A.1.

8. By the time I had bought clothes I had only a few dollars left and, after paying my own transportation home, I had $4, to feed a wife and child, and within a couple of weeks my wife was in hospital with another child.

9. If it was not for Mrs. Fulford of Brockville, I do not know what would have happened as I was unable to work and had no money, and when I told Mrs. Fulford of my condition, she sent us groceries for a month.

10. I tried various jobs, but could not stick them on account of the pains in my chest. I applied to D.V.A. for treatment. I was refused on grounds there is nothing wrong with me. This kept up for more than a year. I went to civilian hospital and was told I am T.B. I went back to D.V.A. with proof of my sickness, and was told that as I have been out of the service more than a year, I am not eligible for treatment, so I returned to civilian hospital and started writing to different members of parliament about my case, and all this time my wife and children have been destitute. She finally gets tired of waiting for my pension claim to come through and leaves me to live with someone else who can support her.

11. In 1944 I came to Ottawa to try and get some satisfaction. I was so sick and tired of the way the D.V.A. had treated me and caused my home to be broken, that I decided to do something to bring attention to my case. I broke into the chamber of the House of Commons to try to plead my case. I started to address the House but I never got much said before I was escorted out, and taken to Ian Mackenzie's office.

12. After explaining my case to Mr. Mackenzie I was sent to the vets pavilion. I was starting to feel I was getting some place now, as this

was the first time I had been admitted into a department hospital in four years. Little did I know what was in store for me!

13. After a few days at the Vets Pavilion I was taken under escort to Ste. Anne's, and there I found out a new treatment for T.B. It consists of being beaten into insensibility and thrown into a locked ward among demented veterans, and if what I saw there is considered treatment, may Heaven protect them.

14. When you have seen veterans who have lost their minds in the service of their country being manhandled, it is time to ask ourselves is this a democracy?

15. However, after a month or so of being locked up, and under guard I managed to slip a letter out to a friend of mine telling him about conditions; whether or not it was through him I got out I will never know. But I did get out under a promise I would not fight any pension or claim or write to parliament about my treatment. I was even offered a job at Ste. Anne's and, although my condition was active, I accepted in order to get out of the mental ward.

16. The first thing I did when I got out was to go to the Montreal *Gazette* and give an 8 page statement of the things I had seen. I was assured it would be printed, but when I never saw it I went back, and I was told that the censors had refused to allow publication of my story as it would be a detriment to recruits for the armed service, and believe me it would too.

17. I am now hemorrhaging and my condition is getting worse, and the D.V.A. still refuses to treat me, so I entered a public sanatorium at Ste. Agathe, and in May 1946, I have seven ribs removed to collapse my lung and close the cavity, and then comes word that the pension claim I have been fighting for six years has finally been granted. I was then transferred from the public sanatorium and transferred to Lachine veterans hospital.

18. In July, 1946, I was discharged from hospital, and took things easy, and once in a while taking a light job for a couple of months, it was while on one of these light jobs as an orderly at the Vets Pavilion that my condition became active. This was Jan. 1948. I was told I would have to go into sanatorium again. I said O.K.

19. On Feb. 9 of this year with a letter from Dr. Brown of the vets pavilion I applied for treatment at D.V.A. Montreal. I was told I would have to go to Ste. Anne's. I said, "No thanks", as I still remembered my last sojourn there and that if I could not go to the Queen Mary or St. Hyacinthe hospitals I would go to Sunnybrook. The fear of what would happen to me if Ste. Anne's ever got hold of me is what kept me away from there. My fears were well-founded as I shall prove in my next paragraph.

20. I entered St. Hyacinthe on Feb. 10, 1948, and was doing fine. I had gained 15 lbs. and I was happy. On May 7 the doctor came to me and said, "Harvey, the ambulance is here; we are taking you to Ste. Anne's to see a psychiatrist."

21. I said I would not go, as I knew what would happen if I ever got to Ste. Anne's. I could be locked up for life and no one would ever know, because even the Legion and the Red Cross are not admitted in F5 at Ste. Anne's.

22. I was told it is not what I want but what they want; that I have no say in the matter. I said that the only way I would go to Ste. Anne's would be as a corpse, and I grabbed a nail file off my side table and threatened to plunge it into myself if they tried to take me. My dread of Ste. Anne's was such that I would have willingly killed myself.

23. Holding the nail file pointed at my heart I made a break for the outside, intending to jump the first vehicle that passed and to get away. However, the hospital grounds are surrounded by a 8-ft. barbed wire fence, and I could not get out. In the meantime, five policemen plus two ambulance drivers were drawing in on me, and I saw my chance for freedom diminishing. I tried to jump a ditch but missed my footing and sprawled on my face. Everyone jumped on me. Some stood on my legs and others on my arms; my arm was then twisted behind my back and I was bleeding in about eight different places on account of being jumped on.

24. I was then taken into the ambulance and without a chance to get my personal belongings together, taken to Ste. Anne's where I was locked up this last six weeks and held incommunicado. Through bribery I was able to get a letter out to Mr. Blackmore, and this I believe is the only reason I am free today.

25. My cell had walls covered with urine from its last occupant. My mattress was rotten with urine also; the blankets are just left from one patient to another. The food is served on a paper plate and consists of the poorest variety and served in an unsanitary condition all mixed up together like pigswill, and no cutlery to eat it with. Doctors pass when they feel like it. I have seen a week pass without a visit, and they just leer at you as though you were so much dirt.

26. When I got out I went to see Mr. Haig, district administrator; he was not interested and sent me to Mr. Perrault. Mr. Perrault asked me to write him a letter. I went to see Mr. Binns of the Welfare Department. He told me I had a persecution complex and forcibly ejected me from his office. Then, when I wanted to retaliate and punch him he called the police and had me put out.

27. How long are these men who draw good pay but refuse to carry out their duty going to be allowed to manhandle veterans who have legitimate complaints to make?

28. While I was locked up a patient at St. Hyacinthe sold my radio. Now D.V.A. tell me they are not responsible. Yet if I was not locked up it would not have happened.

P.S.—Being a grade 3 orderly I know what I am talking about in the following complaints on behalf of other patients who are still locked up:

Patient Beebe, TB of the spine, in cast yet, has to walk to toilet, and has not been bathed for the six weeks I was there.

Patient Papineau. Urinating blood for seven days without anything being done, and no transfusion to replace loss of blood. No doctors' visit for six days.

Miss Shepherd a patient of the women's ward was brought into F5 on Thursday night June 10 and locked in the men's ward.

Signed "T. Harvey."

Now, Mr. Chairman, there is the man's deposition. I think every hon. member will recognize that it would be difficult to detect any sign of insanity in that statement. To me

it is straightforward. In order to make the case complete, so that the minister can go to work on it, I will read a supplementary statement on the man's pre-war history. This is dated June 17, 1948:

Came to Canada Nov. 1921 at 13 years of age. I was an orphan. My father was killed in world war I. My mother having died after my birth. My father died in 1918. He had served in the Queen's Liverpool Rifles and was a war disability pensioner. I received a child's allowance until I was 16 years of age.

I was brought to Canada by the St. George's Home, 1153 Wellington street, Ottawa, Immigration No. 21 B 196. From date of entrance into Canada till 18 years of age I was a farm worker under the government's supervision. From 18 years of age to my enlistment in 1939, I did various jobs over the Dominion of Canada, such as bush, farm and construction work.

Thomas Harvey

P.S. Pensioned in March, 1946. Rate 100 per cent and $15 for my son. Total $90. I pay $20 per month to the Children's Aid Society of Montreal for the care of my son.

I regret that this is just a statement given from the man's memory. As I said, I took him into the reading room, let him sit down where it was quiet, and told him he was safe there. I spoke to the people in authority. I gave him paper on which to write. He wrote just as fast as he could write and straightforwardly. He finished up in a few hours; I am not just sure of the time. When he went to Montreal we thought it would not be very good for him to go there. I had some anxiety.

Mr. COTE (Matapedia-Matane): Why?

Mr. BLACKMORE: I am telling what I thought. Never mind why I thought it. I thought it was not good for him to go to Montreal. But he went there with the object of getting documents which would support the statements that are made here. I understand that is why the whole deposition remains undocumented. But Mr. Chairman, this is the deposition of a Britisher; it is the deposition of a Canadian; it is the deposition of a man who joined His Majesty's forces in 1939, and it is certainly entitled to the fairest consideration of this house and of the country. I have no idea as to the authenticity of it, how many flaws can be found in it, or anything of that sort. I merely presented it to the house.

I feel that this one conclusion ought to be drawn from this unfortunate situation, in which I am afraid there is a great deal more truth than some hon. members would like to imagine. I ask the minister this question, and I believe one of the most important things for him to do in his regime is to enable himself to answer this question satisfactorily. Has the minister any officer or board whose business it is to know the whereabouts of ex-servicemen and to assure this nation that no such abomination shall be committed against veterans as that which appears to have been inflicted against veteran Harvey? If not, will the minister take steps to see that such an agency be set up forthwith? Will the minister take steps to see that the veterans affairs committee, or some other committee which this house may see fit to set up and charge with the responsibility, shall be free to examine the cases of all those who may be in doubt and who might possibly be the victims of such treatment as this man complains of?

That is the case of veteran Harvey, Mr. Chairman; I leave it to the house and to the minister. When we come back next session, of course we shall be interested in the whereabouts of veteran Harvey.

Before I take my seat I should like to say just a word or two with respect to this case, because I have another one to which I wish to refer. The minister has put on record a number of answers to questions which I asked on June 8 and June 18. Of course I have had no opportunity whatsoever to see finally just what the answer is. I do not know the nature of the telegram which he has bearing upon Canadian psychiatrists. Everyone knows the stand I have taken with respect to psychiatrists. I have not said anything in particular about them. I have merely asked a number of questions. Consequently, because I have not heard what the minister has said I shall have to leave the answering of what he has said until the next session of parliament, when I shall be most watchful concerning that matter and ready to go.

The CHAIRMAN: Shall the item carry? Carried.

Mr. BENTLEY: No, Mr. Chairman.

An hon. MEMBER: Louder.

Mr. BENTLEY: It is necessary for me to make the Chairman hear; he keeps on going at a fast rate.

Mr. ADAMSON: Does the minister wish to reply?

Mr. BENTLEY: Does the minister wish to reply to the hon. member for Lethbridge before I ask my questions?

Mr. GREGG: No.

Mr. BENTLEY: I just want to mention here that I have gone carefully over the report of the committee on veterans affairs, and I

also sat on it most of the time this session; in fact, I have sat on that committee during all the sessions I have been here. In the recommendations I see that nothing whatsoever has been done for those individuals who are still left under the operation of the Civilian War Pensions and Allowances Act. The rise in the cost of living has affected those people as well as all others. I should like some assurance from the minister that these people are to be considered when the other recommendations are being considered.

One other matter that I wish to mention at this time is in connection with merchant seamen. If the government accepts the recommendation with regard to merchant seamen, which I believe the indications are that they may, will the minister make arrangements for their attendance at technical schools, as is recommended here, as quickly as possible? And will he see that full information goes out to the public just as quickly as possible, so that those who may wish to take advantage of the opportunity may arrange for their entry into schools of this kind as quickly as they require or desire to do so.

Mr. GREGG: To reply to the question asked by the hon. member for Vancouver South earlier in the evening, the recommendations inherent in the report of the committee on veterans affairs are all receiving the careful study of the department and of myself at the present time, and I will take under consideration the remarks made by my hon. friend.

While I am on my feet, I will say that I greatly deplore the method used by the hon. member for Lethbridge in bringing before the committee in the way he has individual cases of extreme difficulty, with names and numbers. Although I know about the cases concerned, I will not tonight go into the extremely difficult circumstances surrounding them, because I do not think it is right to do so. All I will say is this. While the parliamentary committee dealt with suggestions and proposals for amending the legislation on principle, and did not go into individual cases, they did bring individual cases to my attention. I think nearly every member of this house has, since last January, brought to my attention cases of veterans' difficulties; and I have tried to give them a most complete opportunity to see all sides of the cases. The same opportunity would have been provided to the hon. member for Lethbridge had he desired to take advantage of it. That is my only comment on the matter, except to say that, while these estimates are up, I did intend to pay just one word of tribute to the excellent work performed by all members of the parliamentary committee on veterans affairs during this session of parliament.

The CHAIRMAN: The hon. member for Vancouver Centre.

Mr. BLACKMORE: What number did you call, Mr. Chairman?

The CHAIRMAN: The hon. member for Vancouver Centre.

Mr. MacNICOL: Has he a number too?

Mr. YOUNG: I should like to draw to the attention of the minister the case of veterans on allowance at universities. This matter comes particularly to my attention because until recently I was one of them. A number of veterans who are single men and who are at the universities are now drawing D.V.A. allowances; but because their particular courses are such that there is no room for them at Canadian universities, they will have to go abroad. I particularly refer to 483 pre-medical students who are in the country now and for whom there is no room to carry on their studies at Canadian universities. Just about the time I left Vancouver for Ottawa, one of them was busy getting ready to fly to Australia to take his course. The amount of money the department has been allowed for the purpose of helping those veterans, $60 a month—while it may be of vital assistance to them while they are pursuing their studies in Canada—is extremely small in relation to the price structure in the United States and some other countries. Has the minister any suggestions as to how the government may assist financially those who are compelled to go abroad to complete their education?

Mr. GREGG: That matter was discussed before the committee and has been discussed on many other occasions. At present the additional assistance granted for dependents of veteran students during the winter has not been extended to any increase for those without dependents. The situation will be watched carefully during the coming academic year, but in the meantime it is not my intention to make any further proposals to my colleagues in this connection. I would point out to my hon. friend that the amount was never intended as a complete living allowance but rather as a generous scholarship. In the case of the medical students he mentioned it is possible now, when tuition fees have gone up, as in some cases to as much as $500 a year, to have the entire tuition paid in addition to the $60 a month. The matter is kept under constant review.

Mr. YOUNG: Is it true that in the case of a student attending university in the United States the $60 granted by the government is withdrawn in part, that he is permitted only to draw $10 a week in United States currency? I cannot vouch for the accuracy of the statement, but I should like the minister to tell us whether or not it is the case.

Mr. GREGG: It is not true that it is withheld. The student is able to get $60, if he is single, during his training there, just as he would if he were training in Canada.

Mr. MOORE: The deliberations of the veterans affairs committee this year have shown that the problems of veterans will be with the government for some time to come. I believe the special committee on veterans affairs did a pretty good job this year; and in view of the problems veterans may have in future I should like the minister to consider having the veterans affairs committee as a permanent committee of the house.

Mr. GREGG: That question was brought up in the early part of the session, and I indicated that I felt we should take some time to consider it. It should be pointed out that in some forty meetings of the committee this year the existing legislation was carefully reviewed. I believe representations were received from practically every body and every group that wished to make them. In addition to changes in legislation, further recommendations have been submitted to me to pass on to the government. My own deputy and his officials were in attendance at many of the forty meetings of that committee, during which a great deal of hard work was done by the members; some of the officials attended every meeting. They were glad to do so, and I believe a resolution expressing appreciation of their work was adopted by the committee. But I would point out that in attending these meetings and in helping improve our legislation and our plans, at the same time they were leaving important work within the department itself to be done by someone else. So in these closing hours of the session, in reply to the question asked earlier by the hon. member for Royal and repeated just now by the hon. member for Churchill, I must say that during the coming session of parliament I would rather give the department an opportunity to digest the recommendations already made and carry out the plans consequent upon amendments to the legislation. So at this time, at any rate, I would not recommend that a permanent committee be set up.

Item agreed to.

[Mr. Gregg.]

925. War veterans' allowances — further amount required, $4,325,000.

Mr. BLACKMORE: Under this item I believe it is fitting that I should discuss the next matter I wish to draw to the attention of the committee. Before doing so, once more I wish to assure the minister that I have no antipathy toward anyone, neither toward him nor toward his department; but when these stories come, as they come incessantly, it becomes the duty of any ordinary member of parliament to look into them and not just accept the words of those who happen to be in authority. I was a schoolteacher for twenty-one years, so that I am not without some experience with people, or without experience with officers, either.

The matter I desire to discuss at this time is the McCann commission. I wish to examine this matter with some care before the committee this evening. Once more I am going to read rather rapidly, when I have to read, in the hope that we shall be able to finish in time.

The CHAIRMAN: Order. Would it suit the hon. member if the committee gave unanimous consent to allow him to place his statement on *Hansard* without having the statement read?

Mr. BLACKMORE: No, it would not be possible to place it on *Hansard*; I think I shall have to read it. I can read quite rapidly, though.

The CHAIRMAN: I thought it might save considerable time if the committee would agree to permit the hon. member to place his statement on *Hansard*.

Mr. BLACKMORE: It is quite all right with me if it is on *Hansard*, but I think hon. members should hear the facts as I read them. I am, however, in the hands of the committee in that respect. I only want the statement on record, so that the minister may give it consideration.

The CHAIRMAN: Has the hon. member unanimous consent?

Mr. KNOWLES: I am as anxious as anyone else to go home, but I think it would be a bad precedent.

Mr. BLACKMORE: Then I shall read certain passages. There is a good deal of reading to be done, but I consider it necessary to have it on record so that the people may appraise the situation. On July 16, 1947, the hon. member for Acadia made a speech, as recorded at page 5764 of *Hansard* for that year. In that speech these questions were asked:

Did Doctor William Baillie, departmental psychiatric consultant, who has never seen John Thom personally, submit as "evidence" to the

Canadian pension commission his opinion based solely on a statement alleged by Doctor B. F. Keillor to have been made to him by John Thom?

Did John Thom submit evidence to the Canadian pension commission denying the statements attributed to him by Doctor B. F. Keillor and submitting documentary evidence in proof they should have been expunged from the records as falsities?

Did the Canadian pension commission accept Doctor William Baillie's opinion, based on Doctor B. F. Keillor's challenged statements, to outlaw John Thom's pension claim as a total war disability?

The hon. member for Swift Current, on the same day and in the same debate, also had something to say at page 5767 of *Hansard*. I am inclined to think this would be a place where, with the permission of the committee, it might be possible to place the hon. member's remarks on *Hansard* without reading them.

Some hon. MEMBERS: Agreed.

Mr. BLACKMORE: But I am in the hands of the committee. Perhaps I could give the general purport of the hon. member's remarks. He is right here, and will be able to say whether or not I am right. His statement was to the effect that there were irregularities in regard to psychiatrists who were treating men. In the course of his remarks he conveyed the idea that so many of these unhappy stories had reached members of parliament that he felt it was time a public inquiry was made, as a result of which we would be able to get the truth and form our judgment on the basis of actual proof.

Let me read now the statement by Mr. Mackenzie, then minister of veterans affairs:

As far as we are concerned, I would welcome a committee of three doctors from this house to go into the suggestions that have been submitted, and I would suggest the Minister of National Revenue (Mr. McCann), the hon. member for Lanark (Mr. Blair) and the hon. member for Inverness-Richmond (Mr. McGarry). They could meet some time between now and the next session and call in whom they want and submit a first-class report.

Mr. Bentley: That is quite a concession for the minister to make and I appreciate it, but I would ask him to go one step farther and include a member from this end of the house—

Mr. COTE (Matapedia-Matane): May I ask a question now?

Mr. BLACKMORE: Why not allow me to finish reading from *Hansard*?

—because we have no doctors—to consider the layman's point of view.

Mr. Mackenzie: Absolutely yes.

Mr. Bentley: If the minister says he will do that, I have nothing further to add except thank you.

That is interesting, because that is the situation which brought about the appointment of the McCann commission, which I intend to examine into in some detail. The minister promised, according to page 5769 of *Hansard*, that he would set up a commission "to submit a first-class report." A charge was made in this house by two responsible members of parliament and by two members of the veterans affairs committee. In my opinion that matter should have been investigated for this house, and a report involving the hearings should have been made to this house.

Two specific charges were made. The first was that there had been falsification of records, and the second had to do with the evils of psychiatrists. The McCann commission was set up under P.C. 4980 of 1947 and P.C. 75 of 1948 to conduct an investigation under the Inquiries Act, part I. That is an exceedingly important fact. What does it mean to be appointed a commissioner under part I of the Inquiries Act? Perhaps I should read from the documents under which this commission went to work, as follows:

Appendix "A"

Report of a commission appointed under the provisions of part I of the Inquiries Act by order in council P.C. 4980 dated December 4, 1947, as amended by order in council P.C. 75, dated January 8, 1948.

1. The following members of parliament were appointed by order in council P.C. 4980 dated December 4, 1947, and order in council P.C. 75, dated January 8, 1948, as commissioners under part I of the Inquiries Act for the purposes hereinafter set forth:

The Hon. James J. McCann, M.P., chairman, Ottawa, Ont.

Dr. M. E. McGarry, M.P., Margaree Forks, N.S.

Dr. W. G. Blair, M.P., Perth, Ont.

J. O. Probe, Esq., M.P., Regina, Sask.

R. H. Winters, Esq., M.P., Lunenburg, N.S. in the absence of the Hon. James J. McCann, M.P.

F. L. Barrow, Esq., Ottawa, Ont., departmental secretary, Department of Veterans Affairs, was secretary of the commission.

2. The purpose of the commission was to investigate complaints made by Walter H. Kirchner, Esq., M.C., D.C.M., secretary, Canadian Combat Veterans Association, Inc., Vancouver, B.C., regarding pension and treatment services and, in particular, to inquire into and report to the Minister of Veterans Affairs on

(i) the adequacy of the treatment provided by the Department of Veterans Affairs with respect to the cases concerning which Mr. Kirchner has made representations;

(ii) the qualifications and competence of departmental doctors treating these cases; and

(iii) the adequacy of pension consideration given to the cases concerning which Mr. Kirchner has made representations.

5. The commission was charged with considering the cases of sixty-two veterans with respect to whom Mr. Kirchner had made representations. Subsequently, in giving his evidence at Vancouver, Mr. Kirchner presented one additional case in which it was understood that he had become interested only very recently.

Hon. members will find that on page 214 of No. 6 of the minutes of proceedings of evidence of the special committee on veterans affairs 1948. I think the first thing hon. members will be interested in is that there is not a single word of mention of the falsification of documents or of the work of the psychiatrists.

What does it mean to be appointed as a commissioner under part I of the Inquiries Act? Let me read from that act, which is chapter 99 of the Revised Statutes of Canada, being an act respecting public and departmental inquiries. Part I of the act reads as follows:

1. This act may be cited as the Inquiries Act.
2. The governor in council may, whenever he deems it expedient, cause inquiry to be made into and concerning any matter connected with the good government of Canada or the conduct of any part of the public business thereof.
3. In case such inquiry is not regulated by any special law, the governor in council may, by a commission in the case, appoint persons as commissioners by whom the inquiry shall be conducted.
4. The commissioners shall have the power of summoning before them any witnesses, and of requiring them to give evidence on oath, or on solemn affirmation if they are persons entitled to affirm in civil matters, and orally or in writing, and to produce such documents and things as the commissioners deem requisite to the full investigation of the matters into which they are appointed to examine.
5. The commissioners shall have the same power to enforce the attendance of witnesses and to compel them to give evidence as is vested in any court of record in civil cases.

It is quite clear that the commissioners had all the powers necessary to inquire into any problem whatsoever. It is also quite clear that they were appointed by the governor in council and consequently were called upon to perform an exceedingly solemn task and were charged with an exceedingly solemn responsibility before this house and this country.

I should like to examine into some of the aspects of the proceedings of the McCann commission as recorded in return, reference 159, dated June 24, 1948, mover Mr. Low. I quote:

26th November 1947.

It was agreed that the commission would examine the files of the cases in which Mr. Kirchner had made representations and the other evidence at hand and would recommend to the Minister of Veterans Affairs whether he should sponsor further inquiry, or action.

Let us comment on that remarkable statement, and it is a remarkable statement, which

appears in their own words or in the words of the people who prepared this report for presentation to the House of Commons.

At that first meeting several things were agreed to. The commission assumed authority to recommend to the minister whether he should sponsor further inquiry or action. Where did this commission receive instructions, or how did they obtain the discretion to do any such thing? Where does such authority appear in the terms of reference or in the discussion in the House of Commons on July 16, 1947.

Later in the document follow some statements with regard to December 3 and December 4, 1947, which are quite interesting. I quote:

3rd December 1947.

The commission met at 10 a.m. Examination of the files continued.

Mr. K. C. Rappell, departmental solicitor of the legal division, D.V.A., was heard during the afternoon and questioned as to the meaning, in law, of certain of the charges made by Mr. Kirchner in connection with the case of 86684, John Thom.

4th December 1947.

A draft comment on one of Mr. Kirchner's charges, which had been prepared by Mr. Rappell on the instructions of the commission, was considered and approved.

Mr. COTE (Matapedia-Matane): May I ask a question?

Mr. BLACKMORE: Let me finish and then ask your questions.

There is not one word about the charges made by the hon. member for Acadia on July 16, 1947, with regard to the falsification of evidence. The pension commission's legal personnel had accepted as evidence false evidence in making decisions upon pension claims. Mr. Rappell, departmental solicitor of the legal division, D.V.A., would conceivably be one of the very gentlemen against whom Mr. Kirchner's charges would be levied. The McCann commission had authority to call before it the ablest independent legal talent in Canada or Great Britain to study the evidence, to weigh its import, to give unbiased judicial opinion upon it and upon the decisions based upon it.

The commission could have gone out to the men whose cases were being studied. They could have got all the evidence from those servicemen. They could have called all witnesses involved and heard them in detail. They could have called in Mr. Kirchner and had before them all the evidence of every kind suggested by that well-informed gentleman.

Then, having heard all this evidence in support of the prosecution they could have called for an exhaustive presentation of the case for the defence. Then they could have submitted the whole case to one or two judges of the

supreme court, perhaps having Mr. Kirchner select one and the pension commission select one. Then they could have questioned the judges on the meaning in law of certain charges. Then the commission could have had the judges write the decision in respect of the charges of falsification of evidence.

But what did the commission do?

They asked the accused to give the meaning of the law under which he was charged. They asked him to appraise the evidence. They asked him to write the decision before any witnesses for the prosecution were heard while the commission was still in Ottawa on December 3 and 4 and had heard only one side. In other words, the commission asked the accused to do the job which the commission was asked to do. Then the commission accepted the accused's decision and blessed it with their approval and submitted their report based upon the decision of the accused!

The commission did all their work on the falsification of evidence charge apparently in two days, December 3 and 4. It might be argued that they went out to Vancouver and heard witnesses afterwards, but it is stated specifically in that part of the return that the report was prepared by Mr. Rappell on their instructions and presented to them on December 4 and accepted by them.

So that so far as the witnesses and the commission were concerned we must assume that from that time the matter was closed as regards the charge of falsification of records.

I make no claim to being a lawyer at all, but that is how it looks to an ordinary person on the street.

Here are some other aspects of this McCann commission having to do with the conduct of its affairs. First, Walter Kirchner was recognized as the advocate of the veterans. I draw attention of members of the house to two or three press reports. In one of these reports we find these words:

The commission reviewed sixty-three cases—

This is in a press release from the commission apparently:

—all of which were represented by Kirchner and heard testimony from twenty-four witnesses here and in Ottawa.

This appeared in the Vancouver *News-Herald*. They, at least, tried to convey the idea that Mr. Kirchner was the advocate, and certainly he should have been the advocate, because he was the man who made the charges.

What actually did occur? According to my information the commission called before it by subpoena certain of Kirchner's key witnesses without Kirchner being present—J. S. Beltz, H-6417, a Hong Kong prisoner of war, keyman for the Hong Kong men; Sholto D. McClellan, #77732, another key witness.

On January 16, 1948, Doctor Lynn Gunn, Superintendent of Shaughnessy Hospital interfered with Ernest J. Maxwell, R-51164 by telling him that this commission did not require his evidence and that he could return to hospital, after, I presume, he had been subpoenaed, although we are not sure about that. Is not this a most remarkable method of proceeding with a hearing?

On January 16, 1948, John V. Thom, M.M., gave detailed supporting evidence to show that the Canadian pension commission had falsified his records, and Albert B. W. Crowhurst, No. 954-38, gave similar evidence, and Arthur Perfitt.

Following the release of the commission's findings these witnesses wrote to the press protesting against the unscrupulous action of the McCann commission in omitting any reference to their evidence supporting the charges that they had been defrauded of pension rights by unlawful practices. May I read some of the letters from these men who were examined by this remarkable commission we sent out. The first appears in the Vancouver *Daily Province* and reads:

Sir:

Re the Shaughnessy hospital inquiry. The government has once again wasted the country's money and the time of busy men if the commission mentioned was sent out to investigate charges against the hospital management and doctors.

These are not the evils charged. The government has just sidetracked the original charges which are against the pension commission doctors and have nothing to do with the hospital staff doctors.

The pension doctors have wilfully omitted certain items from a soldier's medical history which would have given him a pension and have inserted false statements to prevent a pension.

I feel sure you will search out and reveal the truth as shortly it will be revealed and with this first-hand information.

A Witness.

North Vancouver.

(Note: Regarding charges of "deliberate falsification of reports," etc., the commission made a conclusive finding that "in none of the cases examined does the record substantiate these charges or even suggest that a basis for the charges exists or that the case was carelessly handled."—Editor).

Here is another letter to the Vancouver *Daily Province* of April 8, 1948, written by the same man:

Sir:

With reference to the note added by you to the end of my letter signed "A. Witness," stating the commission investigating Walter Kirchner's charges has reported that certain charges were not substantiated, I would like

to state that the commission admitted that evidence in my case was lacking, or omitted, from 1918 to 1928, and that was the reason I was not pensionable.

I replied that if they searched the hospital records they would find I had been treated for those complaints, but the board doctors had left it out in their reports. Now, if something is left out that would have given me a pension, is it not falsifying the records? If it is, then can you tell me why the commission states that the charges are not true?

I also submitted irrefutable documentary proofs of something omitted.

Vancouver.

A Witness.

How does that sound, following this commission? I will read another one in the Vancouver *Daily Province* of April 13, 1948:

Thanks Hospital Staff

Sir: I am one of the witnesses who protested against the practices of the Canadian Pension Commission doctors omitting items from my medical history and substituting statements which deprived me of pension for totally-disabling injuries received in the services, and substantiated by two of the leading orthopaedic surgeons of this province, who are also D.V.A. consultants in this specialized sphere.

I wish to add my testimony before the recent Royal Commission which was given from a hospital stretcher under great difficulties, as my spine has been twice "cracked" in a successful major operation to straighten out my back, doubled over for many years past.

May I publicly repeat my thanks to the wonderful treatment services of the Shaughnessy Hospital both physicians and nurses, which I recorded in my evidence, and which was also emphasized by Walter H. Kirchner, M.C., D.C.M., in his evidence before the Royal Commission on my behalf.

Albert B. W. Crowhurst.

Shaughnessy Hospital.

The point is that the press reports have been so worded—I have them here, but shall not take time to read them—as to convey to the people the idea that Walter Kirchner's charges were against the medical personnel of Shaughnessy hospital, which was as far from the truth as possible, as will appear from what I have said.

Albert Crowhurst points this out. Here is another letter dated April 1, 1948:

The charges of Walter H. Kirchner, M.C., D.C.M., of the Combat Veterans against the D.V.A. administration concern the unlawful practices of the Canadian Pension Commission, and not the treatment services of the Shaughnessy hospital, the latter being over-emphasized in the press reports of March 20, 1948, to the exclusion of the former.

I was one of the witnesses before the Royal Commission on inquiry here and gave evidence proving my war disability rights had been outlawed by a false report inserted into the records by the pension medical examiner. In consequence, the expert medical evidence of three top ranking specialists unlawfully was ruled out by the Canadian Pension Commission. The House of Commons is now in a position to take action against the Canadian Pension Commission in the interests of all disabled veterans affected by these most unlawful practices.

J. V. Thom, M.M.

These are letters from some of the men. I ask hon. members whether in the light of such letters and other considerations as these, we can pass this whole matter easily by.

Here is another remarkable aspect of this McCann commission's behaviour: Apparently most of the evidence, if recorded at all, was recorded upon phonographic records. That evidence has never been transcribed. As I pointed out, the charge was made in public in this House of Commons by two responsible members, the hon. member for Acadia and the hon. member for Swift Current.

Right Hon. Ian Mackenzie's words, although they were somewhat vague and were not fully specific, would certainly convey the idea that there was to be a public inquiry which would provide evidence which every hon. member and the people of the country could have in their hands and consider, not a study conducted in a secret way with all the evidence recorded on records to which almost no one could gain access? How in the world could you have any kind of intelligible result from a commission conducted in that way? The evidence has been kept on the records in the possession of the McCann commission as its own personal property! Certainly that is not what the hon. member for Swift Current and the hon. member for Acadia asked for. One would have expected that the evidence would be given before a public inquiry and would belong to the public. I cannot escape the conviction that that is exactly what it should have been.

Again, we are told that none of the witnesses was sworn. We have the minister's own words for that, on June 14 in a statement in which he endeavoured to have the hon. member for Peace River withdraw his request for a copy of the evidence and proceedings of the McCann commission, appointed under the authority of P.C. 4980, made this statement at page 5151 of *Hansard:*

The witnesses were not sworn, and as a result they gave evidence over and above that which would have been required had they been informed that they were proceeding on a formal basis under oath. Some of the discussions at Vancouver were recorded on sound recording discs in order to assist the commissioner in writing his report on that phase of the hearing.

I must confess that as an ordinary man on the street that sort of thing is completely incomprehensible to me as being the record

of a public inquiry into two of the most important charges that have been made since I have been in the house.

I have been told, however, that the veterans claiming injustices were sworn. I am not sure whether it is true. Men who say they are in a position to know say they were. Again I will not give the names because I am not willing to make that charge particularly specific. I have been told that the veterans who were claiming injustices were sworn while the departmental witnesses who were in a way speaking for the defence were not sworn. I submit that hon. members and the people of the country must agree that that gives room for the widest kind of misrepresentation possible.

An hon. MEMBER: Carried.

Mr. BLACKMORE: I know some would like to have it carried, but I have a few other things to say. A commission consisting mainly of doctors would not be in a position to understand the conduct of a legal investigation into a legal matter. Yet this commission consisting mainly of doctors retained no counsel to guide them! How in the world a group of five men could have considered themselves competent to inquire into so vexatious and so widely ramified a problem as that without a counsel to guide them, I cannot understand. Under the terms of their reference, and under the Public Inquiries Act, under which they were appointed, they had full power to select the finest legal counsel who could be found in Canada and have him to guide them into the whole of their investigation; but apparently they considered themselves quite capable of doing this thing—a most astonishing situation!

Having laid before the house and the country the kind of thing that has apparently been attempted here, I shall not undertake to say what must have been the motive behind the men who set up that commission or planned it. I would not dare to suggest it, even. I would not suggest that the object of the whole thing was to discredit Mr. Kirchner. I would not like to suggest that the object of the whole thing was to whitewash the grievances of those unfortunate veterans, sixty-two of them, so that they would never again have any chance, even to be heard. I would not like to suggest that the object was to deceive parliament, although I must say that the kind of press reports that went out at the time the commission was first appointed to commence its hearings until the last, was certainly of the kind that would deceive the public, because the emphasis in all the press reports is placed on the question of whether or not there was anything wrong with the medical personnel in Shaughnessy hospital, a matter which had never even been suggested by Mr. Kirchner, or by anybody else, so far as I know. The commission makes such a statement as this, for example. This was published in the veterans affairs publication in May, 1948, which all hon. members received:

> McCann commission report that hospital facilities are satisfactory.

This appears under the signature of A. T. Paton, regional public relations officer, and reads as follows:

> Medical and surgical treatment and the results obtained in Shaughnessy hospital are quite satisfactory and of a high calibre—as high as in any hospital in Canada. The percentage of successful operations performed there is, in our opinion, well in line with that obtained anywhere in the profession.

It was never even suggested that anything but such was true. Why should a headline in the veterans affairs paper indicate that the charge had been that there was anything wrong with the doctors in Shaughnessy hospital? Further down we have these words:

> Their report stated, "The commission is satisfied with, and finds no basis for complaint concerning the organization, operation and facilities of Shaughnessy or the qualifications of departmental doctors. On the whole, the commission is fully satisfied with the high degree of competence of all departmental doctors."

If you were looking at these headlines, Mr. Chairman, you would find that because these later words are set out in black type this passage is the chief thing which the people were supposed to read.

I have produced sufficient evidence at this late hour of the session to give hon. members something to think about quite earnestly before we get back next year.

As a result of what I have feared from considering this whole affair, this McCann commission, has come as almost the crowning piece of evidence of evil in the whole Canadian pension set-up. I am not criticizing any one of the people in the pension commission, but something is entirely wrong, and this McCann commission is the strongest possible evidence that this house and this country can have, to prove that something is terribly wrong.

Considering all these facts, Mr. Chairman, I say the minister should take steps immediately to set up such an organization as will enable the people of this country to satisfy themselves that the unfortunate veterans who happen to fall between stools, as these lads like Thom and Crowhurst and Harvey, shall have the right to be heard before some tribunal that shall be unbiased either politically or in any other way. How can our men have any confidence at all when they have to be tried before a tribunal with such a record as has been

indicated, and when they feel that they have to appear before an appeal board which is selected from the very men who ruled on their cases in the first place? Where is the possibility of justice? I suggest to the minister that something must be done. I will not undertake to suggest what it ought to be, but something certainly must be done to give our men something like a fair chance.

One more thing I should like to say, and it comes as a result of what I have read before, regarding Harvey and some of these boys. Apparently there is a demand on the part of somebody in the Canadian pension commission which has caused the doctors all down through the organization to threaten men who have been veterans, and who find themselves in such circumstances as have been described, with punishment if they write to their member of parliament. Have we got to the point where it must be conceded that in this country, when a man dons the king's uniform and risks his life for the welfare of the state, he thereby forfeits his title to his citizen's rights, that he no longer has the right to communicate with his member of parliament, that he is in effect disfranchised, as it were? And must he be looked upon as an offender if he writes to his member of parliament, and from that time forward be subject to all sorts of petty meanness and discrimination, even to the extent perhaps of being locked in a padded cell incommunicado? Have we got to that point? Some hon. members laugh. Well, the members who laugh would be simply appalled if I were to give evidence of a man who spoke to me three days ago, whose word would never be questioned, and who told me exactly what had been threatened him because he had asked for the milk which his doctor had prescribed in the hospital in which he was taken care of. That sort of thing must cease to be.

Item agreed to.

Resolutions reported, read the second time and concurred in.

WAYS AND MEANS

Hon. DOUGLAS ABBOTT (Minister of Finance) moved that the house go into committee of ways and means.

Motion agreed to and the house went into committee, Mr. Macdonald (Brantford City) in the chair.

Mr. ABBOTT moved:

That towards making good the supply granted to His Majesty on account of certain expenses of the public service for the fiscal year ending March 31, 1949, the sums of $781,658,186.63, $197,067,420.89 and $10,100,000, respectively, be granted out of the consolidated revenue fund of Canada.

Motion agreed to.

Resolution reported, read the second time and concurred in. Mr. Abbott thereupon moved for leave to introduce Bill No. 399, for granting to His Majesty certain sums of money for the public service for the financial year ending March 31, 1949.

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

Section 1 agreed to.

On section 2.

Mr. KNOWLES: Mr. Chairman, may I say just a word in connection with this section. I am not forgetting that three or four hours ago I told the house that I did not plan to say anything more today, but there has been called to my attention a press dispatch which I should like to draw to the attention of the Minister of Finance. It relates to one of the items in schedule A to the bill. This clause 2 is the clause that validates schedule A, hence my speaking about this matter now. Last evening, in one of our many discussions about the plight of superannuated civil servants, the minister told me and the house once again that he felt the government should not be asked to do something which private employers are not doing. My hon. friend the member for York West has made an interjection which indicates that he knows the report which I have in my hand, issued by the Canadian Press, under yesterday's dateline, which I am quoting from today's Ottawa *Journal*, to the effect that the Canadian Pacific Railway Company is giving a small supplement to its pensioners in the lower brackets.

This house knows very well my complaint against the Canadian Pacific Railway Company in the matter of pensions. This house knows the score on behalf of many of my constituents which still has to be settled; yet even that company, which I have castigated in this house many times, is now recognizing the plight of its pensioners in the lower brackets. As a matter of fact, the company is making a shameful admission in recognizing that it has employees on pensions of $30 and $40 a month. At any rate, all credit to the company for this gesture; it is providing a

supplement of $5 a month to those whose pensions are less than $40 a month, and to those whose pensions are between $40 and $45, a sufficient supplement to bring those pensioners up to $45.

I make this further plea—perhaps it is the last plea of the session—to the Minister of Finance, and I ask him once again to consider the plight of superannuated civil servants, particularly those in the lower pension brackets. I said to him last night, as I have said before, it seems to us that the government should be a model employer. Here is one private corporation which has made a gesture in this direction, and I would hope that the Canadian government would not fall behind the Canadian Pacific Railway Company in this matter.

Mr. ABBOTT: I am not familiar with the pension plan of the Canadian Pacific Railway Company, but I doubt very much whether it is as generous as the government's superannuation plan.

Mr. KNOWLES: I can support what the minister is saying about deficiencies in the Canadian Pacific Railway Company pension plan, and perhaps at this hour of the night it would not be well for him to start me on that, or I might try to raise the question about which I am still concerned, and if it were in order I would do so. My point is that when a company which has the record that this company has is prepared to do at least this little bit, the government ought to be able to do the same. May I remind the Minister of Finance that there are superannuated civil servants down in these same brackets. I have given the figures to him before. And even those who are in brackets higher than these are having real difficulty.

Mr. ABBOTT: May I remind my hon. friend that there are hundreds of thousands of people in this country who are neither eligible for, nor do they receive, superannuation from any superannuation plan.

Mr. KNOWLES: Shame to the government for that too.

Section agreed to.

Sections 3 to 6 inclusive agreed to.

Schedules agreed to.

Preamble agreed to.

Title agreed to.

Bill reported, read the third time and passed.

MINISTRY

ANNOUNCEMENT OF RESIGNATION OF MINISTER OF JUSTICE

Right Hon. W. L. MACKENZIE KING (Prime Minister): It is customary, Mr. Speaker, to announce resignations from and changes in the ministry. One resignation has been handed to me today. It is that of the Minister of Justice (Mr. Ilsley). I have replied to the Minister of Justice stating that in the circumstances which are mentioned in his letter to me I would advise His Excellency to accept the minister's resignation. It is true that the resignation does not take effect until midnight tonight, but as the house will not be sitting tomorrow, and as probably the exchange of correspondence would not find its place in the official records if left over until the next session, I would ask that I might be permitted to table tonight the correspondence which has passed beween us. I would also ask that the correspondence might appear in *Hansard,* in its record of today's proceedings.

Mr. SPEAKER: Is it the pleasure of the house to give the Prime Minister such leave?

Some hon. MEMBERS: Agreed.

Mr. HOWARD C. GREEN (Vancouver South): On behalf of the official opposition, Mr. Speaker, I should like to say just a word in appreciation of the services that the Right Hon. J. L. Ilsley has rendered to this nation. We watched him during the war years when he carried such a heavy load as Minister of Finance. We saw him bear that burden with courage and with great distinction. I think from coast to coast Mr. Ilsley is highly respected by Canadians of all parties. On behalf of my colleagues in the Progressive Conservative party, I am only too glad to be able to pay him that small tribute this evening. I trust that in his professional life he will have, not only great success but also great happiness. He has done a grand job for Canada, and I am sure we all appreciate that fact.

Mr. M. J. COLDWELL (Rosetown-Biggar): I, too, Mr. Speaker, should like to join in the expressions of appreciation of the work of the Right Hon. J. L. Ilsley. I think no man in public life in Canada stands higher in public esteem than the former Minister of Justice. No matter in what quarter of the house we sit, there are certain people whom we can respect. Mr. Ilsley, through his devoted services during the war, the manner in which he did not spare himself, and by his unquestioned integrity

and honesty, made a contribution to the public life of Canada of which I think not only he but the nation itself can be proud.

I am glad that this opportunity was afforded to us to express the general feeling of admiration and respect that we feel for the Minister of Justice whose resignation is before us tonight. Regardless of Mr. Ilsley's party associations, I think his retirement is a loss, not only to the Liberal party but to the country as a whole. The country can ill afford to spare men of the type of the former Minister of Justice. Speaking on behalf of those associated with me and of myself personally, may I say we feel that his retirement is indeed a distinct loss, not only to the government and to the party, but to the entire country.

Tonight I listened to a discussion between the hon. member for Temiscouata (Mr. Pouliot) and the Prime Minister (Mr. Mackenzie King). I presume, from what was said, that in all probability this is the last time that we shall see the Prime Minister in the position of leader of the Liberal party, at least; I am not quite clear with regard to the other high position which he occupies. In any event, I should like to add this comment before I sit down. I think we can say to him that we wish him well in retirement from the one office or from the two offices, whichever he himself may decide, and as to which we shall probably know when the house assembles in the autumn, or after Christmas, or whenever the new session may be called.

Mr. SOLON E. LOW (Peace River): I should like to associate myself, Mr. Speaker, and those who sit with me with all the good things that have been said with regard to both the former Minister of Justice (Mr. Ilsley) and the Prime Minister (Mr. Mackenzie King). We greatly admire both these gentlemen for their high personal qualities and their integrity. We hate to see them leave public life. We feel that they have set a great example. In my associations with both of them I personally have had pride in the fact that I received the utmost satisfaction with regard to anything that I have taken before them. I feel that the country is losing from those two high offices men of great ability and outstanding qualities.

Mr. ANGUS MacINNIS (Vancouver East): Despite the fact, Mr. Speaker, that the leader of this group spoke for the group when he referred to the Minister of Justice (Mr. Ilsley), whose resignation we have received, I should like to state personally my own great feeling of loss as a result of the fact that Mr. Ilsley has decided first of all to give up his portfolio and later on his membership in this house. It is a loss that this country can ill afford. Mr. Ilsley, in all the offices he has filled in the ministry, has, I think, proved himself to be one of the greatest cabinet ministers Canada has ever had. There was nothing spectacular about him; but his integrity and earnestness were so manifest that no one who watched him, as I did from my seat almost across from him, could help being impressed. As I said before, I feel that his leaving public life is a loss to this country as well as to the party, of which he has been an ornament and a useful servant for so many years.

(Translation):

Mr. A. PHILEAS COTE (Matapedia-Matane): Mr. Speaker, may I be permitted to say a few words in French, not on behalf of all French-speaking members of the house, for I have no authority to do so, but in my own name. I should like to voice and put on record my heartfelt wishes.

I hope that during the August convention, the right hon. Prime Minister (Mr. Mackenzie King), who seems to be enjoying good health, will hear a unanimous appeal to remain by our side, if not as leader of the Liberal party, then at least as prime minister.

I have no objection to another party leader being chosen when the right hon. Prime Minister decides to withdraw from that position but, to my mind, there never was a time when we needed the right hon. Prime Minister Mackenzie King more than we do today. Political events of recent elections have made that obvious.

Since the people on the whole place their trust in the Right Hon. Mr. Mackenzie King, I honestly believe that he could do the country no greater service than by remaining in office as prime minister as long as he wishes, rather than by becoming governor general. Knowing that his successor is already chosen, he could resign whenever it suited him to do so.

In the meantime, I hope I speak on behalf of most if not all the members in saying to the Right Hon. Mr. Mackenzie King: "Long live the King".

(Text):

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, when I asked to be permitted to table instead of to read the correspondence which passed between the Minister of Justice and myself today, I had in mind the desire of hon. members to bring proceedings to a close as speedily as possible. As words have been expressed by others in reference to my colleague the Minister of Justice, I should like to read the correspon-

dence if I may be permitted to do so. It helps to reveal my own feelings toward my colleague, as well as those of other members of the government and of the parliament of our country. May I say I think in Mr. Ilsley's resignation from the government our country is losing one of the greatest public servants any country has ever possessed. I do not think it is possible to pay the Minister of Justice too much in the way of praise for his fine integrity, indefatigable industry and great ability and for the splendid public service he has rendered our country in time of peace and of war.

The letter I received from Mr. Ilsley today is as follows:

Minister of Justice and
Attorney General of Canada

Ottawa, 30th June, 1948.

My dear Prime Minister,—

Pursuant to our conversations at the beginning of the session and to the statement which I made to the press a few weeks ago, I now beg to tender my resignation as a member of the government.

As I have already stated, my reason for taking this step is that it is necessary for me to give attention to my personal affairs. I need hardly say that it is with many regrets that I leave a government with which I have been associated for so long, whose members I like and respect so much and with whose policies I am so completely in accord.

I should like also to express my appreciation of the privilege of serving under your leadership for so many years of your long and distinguished career as Prime Minister.

With kind personal regards, I am,

Yours sincerely,
J. L. Ilsley.

The Right Hon. W. L. Mackenzie King,
Prime Minister of Canada,
Ottawa.

To Mr. Ilsley's letter I replied as follows:

Office of the Prime Minister
Canada
Ottawa,

June 30, 1948.

The Right Hon. J. L. Ilsley, P.C., K.C., M.P.,
Minister of Justice,
Ottawa.

My dear Ilsley:

I have received your letter of today in which, in accordance with your intentions as intimated to me in personal conversations at the beginning of the session, and in a statement to the press a few weeks ago, you tender your resignation as a member of the government.

You know, without words, how profound is the regret repeatedly expressed by our colleagues and myself, that you should, for any reason, have felt it necessary to contemplate retiring from the ministry in which for almost thirteen years, you have held successively the portfolios of National Revenue, Finance and Justice. As, however, you state that it has become necessary for you to take this step in order to give attention to your personal affairs, I feel I have no alternative but to submit your resignation to His Excellency, and to advise its acceptance.

The regret felt by our colleagues and myself at your retirement will, I know, be shared by the people of Canada whose interests you have served so honourably and with such exceptional ability and fidelity in times alike of peace and war. Indeed warm appreciation of the strength which your presence in its councils has brought to the government of our country has already been expressed in parliament by the people's representatives irrespective of party affiliation. The devoted service you have given Canada, as a minister of the crown, will be remembered with gratitude.

As one with whom I have been so closely associated in public life since your election to parliament twenty-two years ago, and the one who today is my senior colleague in the cabinet, I cannot begin to express to you how deeply, both on personal and public grounds, I regret your retirement. I can only thank you for all that your helpful counsel and close co-operation have meant to me in the discharge of the heavy responsibilities which together we have been called upon to share.

As you resume the practice of your chosen profession, may I extend to you every possible good wish on the part of all our colleagues in the government and myself.

With warm personal regards,

Yours very sincerely,
W. L. Mackenzie King.

May I express my very sincere thanks to the leader of the C.C.F. party and to the other hon. members who have so kindly made reference to my own approaching retirement from the leadership of my party and also from the leadership of the government, both of which, may I say without any reservation, will have taken place before another session of parliament. I thought I had made myself clear in that regard; I should be sorry if anyone thought there was any reservation. What I have sought to convey in regard to the time of tendering my resignation to His Excellency the Governor General is that this will not necessarily be at the same time I cease to be leader of my party; that it may be a matter of weeks or a month or two thereafter. But this is the last moment I expect to be present in this House of Commons in the position I have had the honour to occupy as Prime Minister and leader of the government for now in all over twenty-one years. I am happy indeed to think that after that length of time it is possible for me to feel that I am parting with members of all parties in the house with their good will. I thank one and all.

PROROGATION OF PARLIAMENT

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

Mr. Speaker, the Right Honourable the Deputy of His Excellency the Governor General desires the immediate attendance of this honourable house in the chamber of the honourable the Senate.

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

In the Senate chamber, the Right Honourable the Deputy of His Excellency the Governor General was pleased to give, in His Majesty's name, the royal assent to the following bills:

BILLS ASSENTED TO

An Act respecting The Bell Telephone Company of Canada.

An Act respecting The Ruthenian Catholic Mission of the Order of Saint Basil the Great in Canada.

An Act to incorporate the Canadian Veterinary Medical Association.

An Act to incorporate The Canadian Association of Optometrists.

An Act respecting Canadian Marconi Company.

An Act respecting Canadian Slovak Benefit Society.

An Act to incorporate The Canadian Legion of the British Empire Service League.

An Act to incorporate Rinker Finance Corporation.

An Act to incorporate Canadian Co-Operative Processors Limited.

An Act respecting the Dominion Bureau of Statistics.

An Act to amend the Canada Evidence Act.

An Act to amend The Mail Contracts Supplemental Payments Act.

An Act to amend The National Housing Act, 1944.

An Act to amend The Judges Act, 1946.

An Act to incorporate The National Fire and Casualty Insurance Company.

An Act to amend the Criminal Code (Race Meetings).

An Act to amend the Loan Companies Act.

An Act respecting the Reclamation and Development of Marshlands in Nova Scotia, New Brunswick, and Prince Edward Island.

An Act to amend the Dominion Succession Duty Act.

An Act to amend the Land Titles Act.

An Act to amend the Excise Tax Act.

An Act to amend the Yukon Act.

An Act to amend the Tariff Board Act.

An Act to provide for carrying into effect the Treaties of Peace between Canada and Italy, Roumania, Hungary and Finland.

An Act to amend an Act respecting the National Battlefields at Quebec.

An Act respecting the supplying of Electrical Power in the Northwest Territories.

An Act to amend the Railway Act, the Exchequer Court Act and The Judges Act, 1946.

An Act to amend the Canada Shipping Act, 1934.

An Act to amend The Excise Act, 1934.

An Act to amend the Customs Tariff.

An Act to amend the Yukon Placer Mining Act.

An Act to amend The Saskatchewan Natural Resources Act.

An Act to amend The Canadian and British Insurance Companies Act, 1932, and The Foreign Insurance Companies Act, 1932.

An Act to amend the Quebec Savings Banks Act.

An Act respecting the Revised Statutes of Canada.

An Act to amend The Veterans Insurance Act.

An Act to amend The Veterans Rehabilitation Act.

An Act to authorize the provision of moneys to meet certain capital expenditures made and capital indebtedness incurred by the Canadian National Railways System during the calendar year 1948, and to authorize the guarantee by His Majesty of certain securities to be issued by the Canadian National Railway Company.

An Act to amend The War Veterans' Allowance Act, 1946.

An Act to amend the Yukon Quartz Mining Act.

An Act to provide for the Investigation, Conciliation and Settlement of Industrial Disputes.

An Act to amend The Dominion Elections Act, 1938.

An Act to amend The Diplomatic Service (Special) Superannuation Act.

An Act to amend the Salaries Act.

An Act to amend the Customs Act.

An Act to amend the Criminal Code.

An Act to amend the Lord's Day Act.

An Act to amend The Agricultural Prices Support Act, 1944.

An Act to amend The Civilian War Pensions and Allowances Act.

An Act to amend the Department of National Defence Act.

An Act to amend the Income War Tax Act.

An Act to amend The Manitoba Natural Resources Act.

An Act respecting an Income Tax Agreement between Canada and New Zealand, signed at Ottawa, in Canada, on the Twelfth day of March, 1948.

An Act to amend The Foreign Exchange Control Act.

An Act to amend The Emergency Exchange Conservation Act.

An Act respecting Income Taxes.

An Act for the relief of Florence Joyce West Shannon.

An Act for the relief of Alice Cecilia Anne Magniac Bailey.

An Act for the relief of Valerie Jean Lewis Samson.

An Act for the relief of William Neville Buckingham.

An Act for the relief of Marguerite Elsie Dunan Currie.

An Act for the relief of Ellen Catherine Holder.

An Act for the relief of Doris Amy Peate Taylor.

An Act for the relief of Kenneth Elliott Mitchell.

An Act for the relief of Margaret Craig Carmichael Nicholson.

An Act for the relief of Hilda Emily Brown.

An Act for the relief of Joan Ruth Grimble Campbell.

An Act for the relief of Raymond Masse.

An Act for the relief of Barbara Mary Day Duffy.

An Act for the relief of Joseph Dunn.

An Act for the relief of Rena Victoria Rabin Wolfe.

An Act for the relief of Frederik Smith.

An Act for the relief of William Thomas Wright.

An Act for the relief of Marie Antoinette Aubut dit Cimon Charron.

An Act for the relief of James Arnold Wells.

An Act for the relief of Magdalena Kleiziute Testart.

An Act for the relief of Hazel Shirley Elizabeth Hart Layton.

An Act for the relief of Irene Morgan Neilson.

An Act for the relief of Elerick Montgomery Barton.

An Act for the relief of Adelaide Margaret Munn Bain.

An Act for the relief of Gwendolyn Beulah Russell Denenfeld.

An Act for the relief of Miriam Salomon Starr.

An Act for the relief of Laura Krause Suffrin.

An Act for the relief of Jean Fullarton Craig Walker.

An Act for the relief of William Hesketh.

An Act for the relief of Janet Alice Smith Bennett.

An Act for the relief of Gwendoline Elizabeth Hunt Edmund.

An Act for the relief of Reta Mabel Welch Gilbert.

An Act for the relief of Leah Shrimer Schanker.

An Act for the relief of Doris Mary Stratton Stuart.

An Act for the relief of Hellmut Hans Karl Pokorny.

An Act for the relief of Bella Wine Rapps.

An Act for the relief of Winifred Anthony Leith.

An Act for the relief of Eugene Alden Anderson.

An Act for the relief of Shirley Leighton Pawson Milligan.

An Act for the relief of Mary Josephine Ruth Girard Rosenberg.

An Act for the relief of Leah Marcelle Pettitt Reeve.

An Act for the relief of Marie Yvette Francoise Bayard Savard.

An Act for the relief of Simone Boily Whitelaw.

An Act for the relief of Ernest Alfred Coker.

An Act for the relief of Clarence William Henry Hodgson.

An Act for the relief of Vera May Paulson Ward.

An Act for the relief of Ruth Ethel Attwood McVicar.

An Act for the relief of Henry George Halsey.

An Act for the relief of George Crosby-Wilson Gray.

An Act for the relief of Joseph David Ernest Paul Maysenhoelder.

An Act for the relief of Myrtle Macdonald Heale Daniluk.

An Act for the relief of Robert Grincill Barnet Jones.

An Act for the relief of Gertrude Katherine Margolis Bird.

An Act for the relief of Cecilia Maud Wood Marshall.

An Act for the relief of Beatrice Doris Haggerty Goodier.

An Act for the relief of Joyce Knowles Ledoux.

An Act for the relief of Robert Ernest Beadie.

An Act for the relief of Grace Davie Park Parr.

An Act for the relief of Jeanne Crete Benoit.

An Act for the relief of Sarah Cummings Menzies Carlin.

An Act for the relief of Annie Goldenberg Schulman.

An Act for the relief of Clarice Jean Field Campbell.

An Act for the relief of Georgina Claire Williscroft Bovard.

An Act for the relief of Saul Jack Costin.

An Act for the relief of Mary Shore Bernstein.

An Act for the relief of Saul Ettinger.

An Act for the relief of Lloyd Arthur Davies.

An Act for the relief of Alfred Keeley.

An Act for the relief of Marie Albina Ethel Dubois Howick.

An Act for the relief of Ignaty (Ignas) Sokolovsky.

An Act for the relief of Laura Grace Hanley Huggenberger.

An Act for the relief of Eva Wolfovitch Zloty, otherwise known as Eva Wolfovitch Gold.

An Act for the relief of Sheila Lightstone Marcus.

An Act for the relief of Lea Alvina Mary Boulay Orr.

An Act for the relief of Armand Lapierre.

An Act for the relief of Georgette Ruth Cote Geller.

An Act for the relief of Mary Elizabeth Ellwood Blackburn.

An Act for the relief of Annie Elisabeth Horseman Charters.

An Act for the relief of Sarah Ann Older Verrier.

An Act for the relief of Anna Martha Kokojachuk Waugh.

An Act for the relief of Elsie Mark Farley.

An Act for the relief of Lela May Begley Hall.

An Act for the relief of Marguerite Isaacs Katz.

An Act for the relief of Delilah May Jacobs Button.

An Act for the relief of Ruth Shkurnik Gilbert.

An Act for the relief of Goldie Tessler Wise.

An Act for the relief of Martha Norman McCairns.

An Act for the relief of Marien Rita Kendall O'Donahoe.

An Act for the relief of Gertrude Mae McLean Cole.

An Act for the relief of Freda Gertrude Parkes McMillan.

An Act for the relief of Alma Petrides Prysky.

An Act for the relief of Jean MacDonald Di Falco.

An Act for the relief of Betty Yossem Edelstein.

An Act for the relief of Leonard Carlton Matthews.
An Act for the relief of St. Kilda McKay McLean Anderson.
An Act for the relief of Nellie Polistuck Levac.
An Act for the relief of Ellen Rose Gray Lawson.
An Act for the relief of Frieda Kimelfild Solomon.
An Act for the relief of Gordon Merrill Fuller.
An Act for the relief of Phyllis Joyce Bradfield Ainsworth.
An Act for the relief of Michael Charles Parr.
An Act for the relief of Edna Birch Drimer.
An Act for the relief of Elinore Oakes Forgues.
An Act for the relief of Mary Gwozdecka Carter.
An Act for the relief of Ralph Woodall.
An Act for the relief of Joseph Onfroy Pilon.
An Act for the relief of Thelma May Heggie May.
An Act for the relief of Molly Renetta Fry Bist.
An Act for the relief of Patricia Potter Parker.
An Act for the relief of Helen May Smith Saunders.
An Act for the relief of Jean Duncan Girard.
An Act for the relief of Evelyn Sylvia Jones Bowen.
An Act for the relief of Joseph Eugene Ernest Bourbonnais.
An Act for the relief of Mildred Frances Batten Gzowski.
An Act for the relief of Irene Nellie Kon Ballantyne.
An Act for the relief of Theophile Gobeille.
An Act for the relief of Violet Mary Cowper Preston.
An Act for the relief of Virginia Grace Borland Langton.
An Act for the relief of Ethelwyn Lillian Flynn Budd.
An Act for the relief of Alfred Winston Savage.
An Act for the relief of Elizabeth Frances Mary Liddle McClelland.
An Act for the relief of Rose Landes Clopoff.
An Act for the relief of Micheline Desautels Dooney.
An Act for the relief of William Roydon Slator.
An Act for the relief of Marie Eva Thibodeau Buelow.
An Act for the relief of Margaret Sleno Staines.
An Act for the relief of Jean Hume Munro Auburn.
An Act for the relief of Gilles Henault.
An Act for the relief of Edward Gordon Jakeman.
An Act for the relief of Kathleen McKeown Stevenson.
An Act for the relief of Alice Mary Gallant Currie.
An Act for the relief of Muriel Frances Marks Buchanan.
An Act for the relief of Leona Selma Cutway Hall.
An Act for the relief of Avery Patricia Gill Reinhold.
An Act for the relief of Poppy Catherine Hayakawa Smith.
An Act for the relief of Dolores Margaret Paul Warner.
An Act for the relief of Norma Bernstein Levee.
An Act for the relief of Eileen Sophie McNamara Sepchuk.
An Act for the relief of Mary Rowan Young Conway.
An Act for the relief of Ethel Margaret Tweddell Cartmel.
An Act for the relief of Winnifred Audrey Meyer Holton.
An Act for the relief of Chester Adam Hart.
An Act for the relief of Marie Marguerite Cécile Gagnon Lescadres.
An Act for the relief of Samuel Reinhardt Lewis.
An Act for the relief of Ersilia Pace Imonti.
An Act for the relief of Helen Rose Noel Steele.
An Act for the relief of Edith Saltzman Rashkovan.
An Act for the relief of Ida Malfara Romanelli.
An Act for the relief of Francis Clyde Peachey.
An Act for the relief of Harriet Dodd McLachlan Cummings.
An Act for the relief of Phyllis Smith Curtis.
An Act for the relief of Jacqueline Louise Waddington Skinner.
An Act for the relief of George Malouf.
An Act for the relief of Sonja Anna Margaret van der Walde Brown.
An Act for the relief of Richard Edward Welsh.
An Act for the relief of Violet Maude Mitchell.
An Act for the relief of Elsie Williams Lodge.
An Act for the relief of Joseph Albert Aldée Léveillée.
An Act for the relief of Ella Margaret McLaughlin Baisley.
An Act for the relief of Mavis Aurelia Leney Ogilvie Walker.
An Act for the relief of Joanna Wright Farrell.
An Act for the relief of Margaret Patricia Jones Gavey.
An Act for the relief of Selma Rattner Fridhandler.
An Act for the relief of Lucien Menard.
An Act for the relief of Sheila Trench Thomson Ellis.
An Act for the relief of Alexandre Hebert.
An Act for the relief of Anne Greenblatt Pliss.
An Act for the relief of Sonnie Levitt Shereck.
An Act for the relief of James Young.
An Act for the relief of Hazel Violet Camp Mace.
An Act for the relief of Adah Elizabeth Jeffries Heinz.
An Act for the relief of Mabel Findlay Turner Rollo.
An Act for the relief of Anna Dagmar Dahl.
An Act for the relief of Florence Evelyn White Marshall.
An Act for the relief of Kathryn Mae Richardson Rowe.
An Act for the relief of Margaret Dawson Jamieson Turnbull McKay.
An Act for the relief of Margaret Elizabeth Dunn Vezina.

An Act for the relief of Elizabeth Craig Blair.

An Act for the relief of Charles Henry Kennell.

An Act for the relief of Muriel Frances Pratt Fiddes.

An Act for the relief of Leah Zieger Rudenko.

An Act for the relief of Ruth Harris.

An Act for the relief of Eva Booth Morrison McCormick.

An Act for the relief of Naomi Evelyn Masterangelo Rosenstein.

An Act for the relief of Jean Lauder Rutledge.

An Act for the relief of Henry George Chartier.

An Act for the relief of Francis Russell Stone.

An Act for the relief of Mathilda Welter Jackson.

An Act for the relief of Joseph Thomson Mowat.

An Act for the relief of Mary Hrychuk Fleury.

An Act for the relief of Anna Kathleen Burnie Beebe.

An Act for the relief of Jenny Muriel Pressley Scott.

An Act for the relief of Mary Pappas Gigantes, otherwise known as Maria Papadatos Gigantes.

An Act for the relief of Gilbert Brinton Campbell.

An Act for the relief of Helen McGregor Hanley.

An Act for the relief of Yudit Mary de Bartok Richardson.

An Act for the relief of Abraham Schechter.

An Act for the relief of Caroline Alice Woods Mayhew.

An Act for the relief of Giana Stephen Cantlie Lyman.

An Act for the relief of James Gustov Reed.

An Act for the relief of Elizabeth Ruth Maitland Harley.

An Act for the relief of Daisy Elizabeth May Fishlock Wallis.

An Act for the relief of Gertrude Agnes Dorothy Cunningham McLarnon.

An Act for the relief of Jeannette Ore Paige.

An Act for the relief of Reva James Nathanson.

An Act for the relief of Gerald Roderick Bartlett.

An Act for the relief of Dorothy Jardine Palmer Petrie.

An Act for the relief of Nellie Maisie Wingham Carphin.

An Act for the relief of Beatrice Gertrude Corbin Simand.

An Act for the relief of Margaret McCallum Cameron Baird Brine.

An Act for the relief of Leila May Willett Ascah.

An Act for the relief of Joseph Ulric Stanislas Caron.

An Act for the relief of Edith Elizabeth Walker.

An Act for the relief of Yvonne Jeanne Leslie.

An Act for the relief of Bertha (Brana) Hindes Ramer.

An Act for the relief of Ellen Gertrude Hinks Fairhurst.

An Act for the relief of Shirley Marder Berman.

An Act for the relief of Vera Maude Thayer Gunn.

An Act for the relief of Joseph Chiarella.

An Act for the relief of Merle Allene Dalton.

An Act for the relief of George Nestor Cloutier.

An Act for the relief of Rufina Olga Soltysik Leshchynski.

An Act for the relief of Rhea Lillian Appel Ostroff.

An Act for the relief of Alice Elizabeth Tucker Shaw.

An Act for the relief of Libby Raikles Lerner.

An Act for the relief of Beatrice Catherine McCabe Sowerby.

An Act for the relief of John Morrell.

An Act for the relief of Lily White Borgan.

An Act for the relief of James Donald Bacon.

An Act for the relief of Laurel Gwendolyn Wilband Walsh.

An Act for the relief of Lillian Eileen Rendle Nadler.

An Act for the relief of Claire Alice Tucker Vincent.

An Act for the relief of Audrey Beryl Fryer.

An Act for the relief of Marguerite Pichette Sanzone.

An Act for the relief of Frederick Edward Sherman.

An Act for the relief of Joseph Leopold Joffre Viau.

An Act for the relief of Olga Timofy Ewaschuk.

An Act for the relief of Leie Snideman Tuchsneider, otherwise known by the name of Lilly Schneidman Schneider.

An Act for the relief of William Francis Dunphy.

An Act for the relief of Alice Hoare Dubeau.

An Act for the relief of Jennie Leibovitch Margolese.

An Act for the relief of Hugh Cyril Harvey.

An Act for the relief of Barbara Yuile.

An Act for the relief of Violet Mae Ruth Johnson Menaker.

An Act for the relief of John Clayton Sturgeon.

An Act for the relief of Alice Deborah Townsend Hawker.

An Act for the relief of Rae Bellam Baron.

An Act for the relief of David Ewing Jackson.

An Act for the relief of Olive Turnidge Burns Turner.

An Act for the relief of Dorothy June Wilson Weedmark.

An Act for the relief of Kate Henny Wacker Prengel.

An Act for the relief of Jeannette Racine Garneau.

An Act for the relief of Gladys Gwendolyn Goode Buttress.

An Act for the relief of Gladys Victoria Lewis White.

An Act for the relief of Madge Reynard Lambton.

An Act for the relief of Cornelia Barendrecht Nickel.

An Act for the relief of Paul Charbonneau.

An Act for the relief of Samuel Lankszner.

An Act for the relief of Audrey Maude Victoria Giles Findlay.

An Act for the relief of George Elias Heydenreich.

An Act for the relief of Guiseppina Cannuli Catalfamo.

An Act for the relief of Ann Laurie Willett Allan.

An Act for the relief of Leon Schechter.

An Act for the relief of Beatrice Evelyn Tutill Bobinsky.

An Act for the relief of Una Mary Phillips Slavin.

An Act for the relief of Margaret Laidley Lawrie Burke.

An Act for the relief of Albert Kenworthy.

An Act for the relief of Esther Leibof Kaufman.

An Act for the relief of Harold Clarence Simkin.

An Act for the relief of Winnifred Emily Ford Salmon.

An Act for the relief of Arthur Herbert John Louth.

An Act for the relief of Frank Potts.

An Act for the relief of Kenneth Wright Williamson.

An Act for the relief of Ida Goldman Adelstein.

An Act for the relief of George Cohen.

An Act for the relief of Katharine Lillian Cornish Mullin.

An Act for the relief of Orville Lester Bennett.

An Act for the relief of May Holmes Martin.

An Act for the relief of Georgette Mathias.

An Act for the relief of Gladys Odella Sweet Elliott.

An Act for the relief of Robert Charles Delafosse.

An Act for the relief of Adelaide Jardine McDonald.

An Act for the relief of Edith McLachlan Ward.

An Act for the relief of Eva Lamothe Paquin.

An Act for the relief of Elizabeth Iris Lobar Kinnon.

An Act for the relief of Jeanne Obodofsky Newton.

An Act for the relief of Philip Sidilkofsky.

An Act for the relief of Rhoda Marjorie Beacom Sadler.

An Act for the relief of Becky Herscovitch Moscovitch.

An Act for the relief of Veronica Conrick Pelley.

An Act for the relief of William Bryan Hazel.

An Act for the relief of Victorien Tremblay.

To these bills the royal assent was pronounced by the Clerk of the Senate in the following words:

In His Majesty's name the Right Honourable the Deputy Governor General doth assent to these bills.

Then the Honourable the Speaker of the House of Commons addressed the Right Honourable the Deputy Governor General as follows:

May it please Your Honour:

The Commons of Canada have voted supplies required to enable the government to defray certain expenses of the public service.

In the name of the Commons, I present to Your Honour the following bill:

An Act for granting to His Majesty certain sums of money for the public service of the financial year ending the 31st March, 1949.

To which bill I humbly request Your Honour's assent.

To this bill the Clerk of the Senate, by command of the Right Honourable the Deputy Governor General, did thereupon say:

In His Majesty's name, the Right Honourable the Deputy Governor General thanks his loyal subjects, accepts their benevolence, and assents to this bill.

GOVERNOR GENERAL'S SPEECH

After which the Deputy of His Excellency the Governor General was pleased to close the fourth session of the twentieth parliament of the Dominion of Canada with the following speech:

Honourable Members of the Senate:

Members of the House of Commons:

World conditions continue to occasion anxiety. Instead of the closer co-operation which had been hoped for between all nations, the cleavage between certain nations of eastern Europe and nations of the western world has become increasingly marked. The sense of danger has led, on the part of free nations, to the establishment and promotion of regional associations to ensure their joint security and well-being. Canada has continued, as opportunity has afforded, to further effective organization for international peace and security. My ministers have made clear our country's intention to assist in maintaining a preponderance of strength on the side of the preservation of freedom.

The delay in restoring production in Europe and Asia has resulted in an unprecedented demand for commodities from the western hemisphere. This demand has had an inflationary effect on world prices. Higher world prices have been reflected in rising domestic prices. The effect of this on the cost of living has been of increasing concern to consumers.

While shortages of food and other supplies to meet the demand abroad and at home have resulted in increased prices, production in Canada, to meet this demand, has led to a degree of employment and prosperity not hitherto experienced.

My ministers are of the opinion that widespread controls of prices, so necessary at a time of war, would prove prejudicial if maintained indefinitely in time of peace. The controls made necessary by war have accordingly been progressively removed. As a means of resisting inflationary pressures, certain controls have been continued in this transitional period.

The whole question of prices and the cost of living has been debated at length in both houses of parliament. It has been the subject of detailed investigation by a select committee of the House of Commons. The investigation has had a restraining effect upon unjustifiable increases in prices. The report of the committee deserves wide public attention. The government will give most careful consideration to its representations.

The inability of Canada's European customers to pay for their imports resulted, during 1947, in a serious depletion of our reserves of United States dollars. To meet the critical situation occasioned by the shortage of United States dollars to pay for our vastly increased imports from that country, it became necessary to impose drastic and unpopular temporary restrictions on our trade. You will recall that the consideration of measures for this purpose necessitated beginning the session early in December. Debate on these measures occupied a large part of its earlier months.

It is gratifying to note that the measures taken have helped not only to stop the depletion, but to replenish Canada's reserves of United States dollars. The implementation by the United States of the European Recovery Program will contribute materially to the same end. As our reserves increase, and our trade is brought into better balance, restrictions will be progressively removed. A permanent solution of our exchange problem depends, however, upon the revival of world trade.

While much of your time has been devoted to a consideration of economic and financial problems arising almost exclusively out of abnormal world conditions, you have been careful to give the necessary attention to those matters with which, in ordinary times, parliament would be concerned.

Among measures related to agriculture, an international wheat agreement has been approved. Minimum prices for wheat and other agricultural products have been increased. The period during which agricultural prices may be supported has been extended. Provision has been made for the reclamation of marsh lands in the maritime provinces.

In the field of immigration, the movement of desirable immigrants from the United Kingdom and western Europe as well as from the displaced persons camps has been accelerated. A large number of close relatives of persons residing in Canada have been admitted, and provision has been made to hasten the admission of others.

In the field of industrial relations, legislation has been enacted respecting the investigation, conciliation and settlement of disputes in industries over which parliament has jurisdiction. It is hoped that this legislation will provide a model throughout Canada for legislation respecting industrial disputes. Provision has been made for the payment of larger benefits under the Unemployment Insurance Act. The scope of the Vocational Training Co-ordination Act has been widened.

With respect to the affairs of veterans and their dependents, a thorough study of existing legislation and related matters has been made by a select committee of the House of Commons. The veterans charter has been amended in the light of the experience of the past three years. Pensions of disabled veterans and of pensioned dependents have been increased. Larger allowances have been provided for married veterans in training. Other veterans' benefits have been broadened.

The welfare of Indians has been the subject of careful study by a select joint committee of the Senate and the House of Commons. The committee continued and completed the examination of the Indian Act begun in 1946.

In relation to the housing problem, it is to be noted that more houses were built in 1947 than in any previous year. The National Housing Act has been amended to assist in meeting the need for rental housing. Provision, on a substantial scale, of quarters for servicemen and their families is contributing materially to the total available housing accommodation.

A most significant advance in the government's policy for the establishment of a national minimum of social security and human welfare has been the development, in the present session, of a national health program. Provision has been made on a generous scale for annual grants to the provinces, over a period of years, to assist in the development of health plans and in the improvement of existing health services in both urban and rural areas. The health grants will be of immediate benefit in making possible much needed increased hospital facilities throughout Canada, as well as in the prevention and treatment of disease. The grants also constitute an essential prerequisite to the establishment of a nation-wide system of health insurance.

Other important measures enacted during the session were bills respecting the Canada Shipping Act, the Board of Transport Commissioners, the Dominion Elections Act, the revision and simplification of the Income Tax Act, the Criminal Code and Prison Reform, an improved pension plan for the Royal Canadian Mounted Police, and the creation of a Hydro Electric Power Commission in the Northwest Territories.

Members of the House of Commons:

I thank you for the provision you have made for all essential services.

You will be gratified that an unprecedented surplus of revenues over expenditures has made possible considerable reductions both in the national debt and in taxation. The sales tax on virtually all types of food has been removed. A further exemption in personal income taxes has been granted for persons over sixty-five years of age. Estates up to a value of $50,000 have been freed of dominion succession duties.

Honourable Members of the Senate:
Members of the House of Commons:

On July 1, the Post Office Department will inaugurate, at ordinary first-class rates, an air-mail service which, as respects the delivery of letters, will, under normal conditions, reduce the distance from one end of Canada to the other to less than twenty-four hours.

As you are aware, floods in the Fraser valley of British Columbia recently reached the proportions of a national disaster. In coping with the appalling situation thereby created, there has been the closest co-operation between the federal government and the provincial and local authorities. I should like to express my appreciation of the prompt and effective measures taken by the armed services, the civil authorities, and the citizens of the province in meeting the emergency. I should like also to thank you for the financial provision you have made to assist in relief and rehabilitation, and in the constructive work of repairing the dykes.

The approval given by both houses of parliament to a planned development of the national capital, and the provision you have made for necessary improvements, will help to ensure continuity in the capital's development in a

manner which will have regard to its position in the present, and to its probable needs in years to come.

Today there is no country in a more fortunate position than our own; nor has Canada, at any time, enjoyed a higher place in the regard of the nations of the world. May Divine Providence continue to bless our country, and to guide the Parliament of Canada in all its deliberations.

This concluded the fourth session of the twentieth parliament.

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

Auditor General's Office—

48. Salaries and expenses of office, $533,293.

DEPARTMENT OF FINANCE

Demobilization and reconversion—
Wartime prices and trade board—

87. Administration, $3,990,040.

88. Commodity prices stabilization corporation, $18,000,000.

Employees plan—

89. For purchase of Canada savings bonds—administration, $159,525.

90. To provide, subject to the approval of the treasury board, for replacement of bonds lost in mails and for reimbursement of accounts incorrectly charged with repayments, $5,000.

91. To provide for expenses of the cabinet committee on dominion-provincial relations, $30,000.

92. To provide for the payment of premiums on Dominion of Canada sterling securities, $20,000.

93. To provide, subject to the approval of the treasury board, for miscellaneous losses arising from the sale or distribution of war savings stamps, war savings certificates, victory bonds or Canada savings bonds, $3,000.

94. To provide, subject to the approval of the treasury board, for miscellaneous and unforeseen expenses and for the temporary provision of recoverable advances for working capital purposes and for the readvancing of any such advances repaid, $1,000,000.

Insurance—

114. Departmental administration, $229,058.

115. Expenses of work in the interests of fire prevention, $20,869.

General—

706. To provide for the expenses of the comptroller of the treasury's office—further amount required, $264,000.

707. To provide, subject to the approval of the treasury board, for salaries, reclassifications and increases—further amount required, $5,000,000.

Demobilization and reconversion—

708. To provide for special works in the national battlefields park, $13,000.

Insurance—

716. Departmental administration — further amount required, $29,100.

717. Expenses of work in the interests of fire prevention—further amount required, $5,404.

General—

934. To provide for the expenses of a commission to be appointed under part I of the Inquiries Act, to inquire into prices and related subjects, as recommended by the special committee on prices, $50,000.

LEGISLATION

The Senate—The Speaker of the Senate—

150. Allowance in lieu of residence, $3,000.

151. General administration, $283,433.

House of Commons—The Speaker of the House of Commons—

152. Allowance in lieu of residence, $3,000.

Deputy Speaker of the House of Commons—

153. Allowance in lieu of apartments, $1,500

154. General administration—estimates of the clerk, $686,340.

155. Estimates of the Sergeant-at-Arms, $430,300.

156. Subscriptions to publications of the Empire Parliamentary Association to be distributed to members of the House of Commons, $2,800.

157. To provide hereby, notwithstanding anything contained in the Consolidated Revenue and Audit Act or the provisions of the Senate and House of Commons Act respecting the independence of parliament, for payment out of the consolidated revenue fund to each member of the House of Commons appointed by the governor in council to be a parliamentary assistant (which appointment shall not render such member ineligible or disqualify him as a member of the House of Commons) to assist a minister of the crown in such manner and to such extent as the minister may determine and to represent his department in the House of Commons in the absence of the minister therefrom, a salary of four thousand dollars per annum and pro rata for any period less than a year, $56,000.

General—

158. Printing of parliament, including salaries of staff of the joint distribution office, $200,000.

Library of parliament—

159. General administration, $104,033.

Pensions and other benefits—

160. Pension to the unmarried sister of the late Colonel Harry Baker, M.P., $700.

The Senate—

734. To provide for the payment of the full sessional indemnity for the session of 1947-48 to members of the Senate for days lost through absence caused by public business, by illness, or on account of death. Payments to be made as the treasury board may direct, $21,000.

735. To provide, notwithstanding anything contained in the Senate and House of Commons Act, for the payment to each member of the Senate who attended the second part of the present session which resumed on January 26, 1948, following the Christmas adjournment of parliament on December 19, 1947, and ended

on March 24, 1948, of an amount representing the actual transportation and living expenses of such member while on the journey between Ottawa and his place of residence after the Easter adjournment of parliament on March 24, 1948, and on the return journey from his place of residence to Ottawa at the end of the recess which commenced on that date, or at any other one time during the present session, $5,000.

House of Commons—

736. General administration—estimates of the Clerk—further amount required, $108,000.

737. Estimates of the Sergeant-at-Arms—further amount required, $20,600.

738. To provide for the full sessional indemnity to members of the House of Commons—days lost through absence caused by illness, official public business, or order of the house, or on account of death during the present session—notwithstanding anything to the contrary in chapter 147 of the revised statutes, 1927, an act respecting the Senate and House of Commons, or any amendment thereto. Payments to be made as the treasury board may direct, $15,000.

739. To provide, notwithstanding anything contained in the Senate and the House of Commons Act, for the payment to each member of the House of Commons who attended the second part of the present session which resumed on January 26, 1948, following the Christmas adjournment of parliament on December 19, 1947, and ended on March 24, 1948, of an amount representing the actual transportation and living expenses of such member while on the journey between Ottawa and his place of residence after the Easter adjournment of parliament on March 24, 1948, and on the return journey from his place of residence to Ottawa at the end of the recess which commenced on that date, or at any other one time during the present session, $14,000.

740. To provide for the Canadian share of expenses of the empire parliamentary association, $7,200.

741. To provide for an annual allowance to the deputy chairman of committees, $2,000.

General—

742. Printing of parliament, including salaries of staff of the joint distribution office—further amount required, $60,000.

Library of parliament—

743. General administration—further amount required, $12,700.

DEPARTMENT OF TRANSPORT

Canal service—

890. Canals—operation and maintenance—further amount required, $55,000.

891. Canals—construction and improvements—further amount required, $1,418,815.

Marine service—

892. Marine service steamers, including icebreakers—maintenance, operation and repairs—further amount required, $281,459.

893. Construction, maintenance and supervision of aids to navigation, including salaries and allowances to lightkeepers—further amount required, $111,950.

894. Administration of pilotage, including authority for temporary recoverable advances; contributions, and the operation and maintenance, as required, of necessary pilot vessels in certain pilotage districts—further amount required, $15,000.

895. Life saving service, including rewards for saving life—further amount required, $6,000.

896. Miscellaneous services relating to navigation and shipping—further amount required, $26,200.

897. To provide towards the construction of a lighthouse supply and buoy vessel for the east coast — capital — further amount required, $800,000.

898. To provide towards the construction of a lightship for the port of Saint John, N.B.—capital—further amount required, $450,000.

899. To provide towards the construction of a lighthouse supply and buoy vessel for the west coast—capital—further amount required, $100,000.

Canadian Maritime Commission—Mail Subsidies and Steamship Subventions—Eastern Local Services—

900. Ile-aux-Coudres and Les Eboulements, service between—further amount required, $12,500.

Railway service—

901. Prince Edward Island car ferry and terminals—construction and improvement of terminal facilities—capital—further amount required, $600,000.

902. To provide for the construction of an icebreaker—railway car—highway vehicle—passenger ferry vessel for the Prince Edward island car ferry service—capital, $534,178.

903. Canadian Government Railways—construction and improvements of drainage works at Fairview subway, Halifax, N.S.—capital—further amount required, $25,000.

Maritime Freight Rates Act—

904. Additional amount in excess of the sum of $4,280,000 already appropriated to authorize and provide for the payment from time to time during the fiscal year 1948-49 to the Canadian National Railway Company of the difference (estimated by the Canadian National Railway Company and certified by the Auditors of the said Company to the Minister of Transport as and when required by the said Minister) occurring on account of the application of the Maritime Freight Rates Act, between the tariff tolls and the normal tolls (upon the same basis as set out in Section 9 of the said Act with respect to companies therein referred to) on all traffic moved during the calendar year 1948 under the tariffs approved on the Eastern Lines (as referred to in Section 2 of the said Act) of the Canadian National Railways—further amount required, $520,000.

905. Additional amount in excess of the sum of $1,000,000 already appropriated to provide for payment from time to time during the fiscal year 1948-49 of the difference (estimated by the Board of Transport Commissioners for Canada and certified by the said Board to the Minister of Transport, as and when required by the said Minister) occurring on account of the application of the Maritime Freight Rates Act, between the tariff tolls and the normal tolls (referred to in Section 9 of the said Act) on

all traffic moved during the calendar year 1948 under the tariffs approved by the following companies: Canada and Gulf Terminal Railway; Canadian Pacific Railway, including: Fredericton and Grand Lake Coal and Railway Company and New Brunswick Coal and Railway Company; Cumberland Railway and Coal Company; Dominion Atlantic Railway; Maritime Coal Railway and Power Company; Sydney and Louisburg Railway; Temiscouata Railway Company—further amount required, $150,000.

Pensions and other benefits—

906. Amount required to pay pensions at the rate of $300 per annum to former pilots: Joseph Asselin—further amount required, $300.

907. To authorize payment from the Consolidated Revenue Fund to Colonel J. A. Cross, former Chief Commissioner, Board of Transport Commissioners, or his legal representatives, of an annuity at the rate of $4,800 payable monthly to commence on July 1, 1948 and to continue for a period of five years from that date, $3,600.

Air service—

908. Air service administration—further amount required, $80,800.

Civil aviation division—

909. Control of civil aviation, including the administration of the Aeronautics Act and regulations issued thereunder—further amount required, $17,140.

Airways and Airports—

910. Construction and improvements, including radio facilities—capital (revote $317,450—further amount required, $2,086,667.

Operation and Maintenance—

911. Civil aviation services—further amount required, $218,430.

912. Radio aviation services—further amount required, $41,480.

913. Airway and airport traffic control—further amount required, $70,500.

914. Grants to organizations for the development of civil aviation in the amounts detailed in the estimates—further amount required, $30,000.

915. Contributions, subject to the approval of the governor in council, to assist municipalities to improve existing airports, the sites of which have been provided by such municipalities, $164,000.

DEPARTMENT OF AGRICULTURE

Administration service—

671. Departmental administration — further amount required, $26,322.

Science service—

672. Science service administration—further amount required, $243,116.

673. Animal and poultry pathology—further amount required, $26,266.

674. Botany and plant pathology—further amount required, $80,363.

675. Agricultural chemistry—further amount required, $39,361.

676. Agricultural entomology—further amount required, $104,901.

677. Forest entomology—further amount required, $324,302.

678. Plant protection—further amount required, 28,010.

Experimental farms service—

679. Central Experimental Farm—further amount required, $61,400.

680. Branch farms and stations and illustration stations—further amount required, $371,835.

Production service—
Health of animals—

681. Compensation for animals slaughtered—further amount required, $500,000.

682. To provide for payment of compensation to owners of animals affected with diseases coming under the operation of the Animal Contagious Diseases Act, which have died or have been slaughtered under circumstances unprovided for under the above act and regulations thereunder, in the amounts detailed in the estimates, $694.

683. Live stock and poultry—further amount required, $160,020.

684. Plant products—seeds, feeds, fertilizers, insecticides and fungicides control—further amount required, $35,000.

685. Grants to fairs and exhibitions, under such terms and conditions as may be approved by the governor in council and subject to allocation by the treasury board—further amount required, $45,000.

Marketing service—

686. Dairy products—further amount required, $7,000.

687. Subsidies for cold storage warehouses under the Cold Storage Act, and grants, in the amounts detailed in the estimates—further amount required, $544,717.

688. Fruit, vegetables and maple products, and honey—further amount required, $1,775.72.

Special—

689. To provide for assistance to the province of Nova Scotia in the removal of aged apple trees and of least desirable varieties in Nova Scotia under such terms and conditions as may be approved by the governor in council, $500,000.

690. Amount required to recoup the agricultural prices support account to cover the net operating loss of the agricultural prices support board during the fiscal year 1947-48, $1,061,353.30.

Demobilization and reconversion—

691. Freight assistance on western feed grains including outstanding claims under the feed grain payment policy—further amount required, $13,000,000.

692. Production assistance on agricultural lime for soil amendment purposes, $60,000.

Dairy products board—

693. Purchase of creamery butter to support the market at minimum prices subject to the approval of the governor in council, $1,000,000.

Civil service commission—

694. Salaries and contingencies of the commission—further amount required, $29,180.

Secretary of State—

878. Trade marks branch—further amount required, $14,925.

879. Patent division—patent examination unit —further amount required, $145,000.

880. Copyright and industrial designs division —further amount required, $8,375.

DEPARTMENT OF EXTERNAL AFFAIRS

695. Departmental administration — further amount required, $60,750.

696. Passport office administration—further amount required, $5,000.

697. Representation abroad—further amount required, $233,615.

698. To authorize the acceptance, with the approval of the governor in council in each case, from governments of European countries, in partial or total settlement of claims of the government of Canada against those governments in respect of supplies furnished by Canada and distributed as relief by the combined military authorities to the civilian population of those countries during the period of military operations, of (a) land and buildings to be used for Canadian government offices or residences in those countries, and furnishings therefor, or of local currencies deposited in special accounts to be expended only in payment for such properties and furnishings or alterations or repairs thereto, the expenditure of currencies so deposited for those purposes being hereby authorized, and (b) of local currencies deposited in special accounts and which may be expended only for limited purposes other than those mentioned in paragraph (a), the expenditure thereof to be made only in accordance with authority from parliament, $1.

699. To provide for relief of distressed Canadian citizens abroad—further amount required, $5,000.

The Canadian government's assessment for membership in the following international or commonwealth organizations—

700. Commonwealth communications council, $10,100.

701. International wheat council, $20,000.

702. World health organization, $200,000.

International joint commission—

703. To provide for preliminary studies and surveys of the midwestern watershed, $30,000.

Demobilization and reconversion—

704. To provide for the Canadian government's contribution to the international refugee organization, $5,415,000.

705. To provide for payment of employees' claims for loss of or damage to personal effects which they were compelled to leave behind when they had to leave their posts, due to war, $51,900.

DEPARTMENT OF JUSTICE

718. Remission service—further amount required, $37,360.

719. Supreme Court of Canada—administration—further amount required, $2,000.

720. Combines investigation branch—further amount required, $19,000.

Office of the commissioner of penitentiaries—

721. Administration of the office of the commissioner of penitentiaries—further amount required, $18,070.

722. Operation and maintenance of penitentiaries, including administration, construction, purchase of land, supplies, equipment and livestock; maintenance, discharge and transfer of convicts; compensation to discharged convicts permanently disabled while in penitentiaries—further amount required, $426,035.

General—

723. To provide for expenses of commission of inquiry into Japanese property claims, $150,000.

724. To provide for the revision, classification and consolidation of the public general statutes of Canada, $50,000.

725. To provide for the revision of the criminal code, $25,000.

726. To provide for expenses in connection with espionage prosecutions, $40,000.

DEPARTMENT OF NATIONAL HEALTH AND WELFARE

782. Departmental administration — further amount required, $67,639.

National health branch—

783. National health branch administration—further amount required, $44,070.

784. Opium and narcotic drugs—further amount required, $19,715.

785. Laboratory of hygiene—further amount required, $37,353.

786. Immigration medical inspection—further amount required, $164,891.

787. Child and maternal health—further amount required, $1,150.

788. Treatment of sick mariners—further amount required, $80,675.

789. Industrial health—further amount required, $15,897.

Combating venereal diseases—

790. Administration—further amount required, $1,200.

791. Assistance to provinces for control of venereal diseases under regulations approved by the governor in council—further amount required, $3,069.

792. Health insurance studies—further amount required, $20,595.

793. Hospital designs—further amount required, $3,000.

794. Mental health—further amount required, $8,025.

795. Medical services—Indians and Eskimos—further amount required, $906,100.

796. Civil aviation medicine—further amount required, $2,000.

General health grants—

797. To provide for the following grants to the provinces, under terms and conditions to be approved by the governor in council—

Health survey grant to assist the provinces in surveying present health services and facilities, including hospitals, and in studying ways and means of improving and extending the same; to be distributed on the basis of a flat amount of $5,000 to each province and the balance according to population but the total payment available to any province in no case to be less than $15,000, $625,000.

Hospital construction grant to assist the provinces in the provision of adequate accommodation for hospital and health services; to be distributed on the basis of $1,000 per bed for active treatment beds, $1,500 per bed for chronic or convalescent beds, or in the case of other health facilities on an equivalent basis; provinces to match or exceed dominion contribution which shall in no case exceed one-third of total cost, $13,000,000.

General public health grant to assist the provinces in strengthening general public health services; to be distributed on the basis of 35 cents per capita of population, to provinces which maintain at least their present standard and extent of service in this field, $4,395,000.

Tuberculosis control grant to assist the provinces in an accelerated and intensified effort toward the eradication of tuberculosis and to extend progressively the provision of free treatment; to be distributed on the basis of a flat amount of $25,000 to each province and the balance to be divided 50 per cent on the basis of population and 50 per cent on the basis of the average number of deaths from tuberculosis in each province over the previous five years, $3,000,000.

Mental health grant to assist the provinces in the prevention of mental illness and in extending progressively the provision of free treatment; to be distributed on the basis of a flat amount of $25,000 to each province and the balance according to population, $4,000,000

Venereal disease control, grant to assist the provinces in extending and intensifying their present efforts toward the control of venereal disease; to be distributed according to population, $275,000.

Crippled children grant to assist the provinces in an intensive program for the prevention and correction of crippling conditions in children, rehabilitation and training; to be distributed on the basis of a flat amount of $4,000 to each province and the balance according to population, $500,000.

Professional training grant to assist the provinces in the training of personnel for public health and hospital staffs; to be distributed on the basis of a flat amount of $4,000 to each province and the balance according to population, $500,000.

Public health research grant to assist the provinces in stimulating and developing public health research, $100,000.

Cancer control grant to assist the provinces in programs for the control of cancer; to be distributed according to population, with any such programs for cancer control to be approved and the cost thereof to be divided equally between the dominion and the province concerned, $3,500,000.

Grant to:

798. Canadian Paraplegic Association, $15,000.

POST OFFICE DEPARTMENT

806. Post offices, including salaries and other expenses of headquarters and staff post offices and supplies and equipment for revenue post offices—further amount required, $155,660.

807. Air and land mail services—further amount required, $1,500,000.

PRIVY COUNCIL OFFICE

Federal district commission —

808. Maintenance and improvement of grounds adjoining government buildings, Ottawa, and improvements to the parkway system under the control of the federal district commission—further amount required, $24,000.

809. To authorize the establishment of a special account in the consolidated revenue fund, to be known as the national capital fund, consisting of such amounts as may be appropriated by parliament for the purpose out of which the Minister of Finance may from time to time, on the recommendation of the president of His Majesty's privy council for Canada, pay to the federal district commission amounts to be expended by the approval of the governor in council for the construction, operation and maintenance of works or projects within the national capital district in keeping with an approved general plan for the improvement and development of the national capital and not in the nature of ordinary municipal improvements—amount required for the fund, to be effective July 1, 1948, $2,500,000.

PUBLIC PRINTING AND STATIONERY

810. Departmental administration — further amount required, $1,431.

811. Printing, binding and distributing the annual statutes—further amount required, $15,000.

812. *Canada Gazette*—further amount required, $11,550.

813. Plant equipment and replacements—further amount required, $295,000.

814. Distribution of official documents—further amount required, $2,461.

815. Printing and binding official publications for sale and distribution to departments and the public, $105,000.

DEPARTMENT OF RECONSTRUCTION AND SUPPLY

National research council—

866. Salaries and other expenses of the national research council — further amount required, $55,000.

867. Expanded research on the utilization of farm crops—further amount required, $100,000.

868. Industrial chemistry building—further amount required, $93,000.

Demobilization and reconversion—

869. Housing development, including commitments of previous years—wartime housing limited—further amount required, $15,000,000.

870. To provide for production and transportation subsidies on steel and iron under such terms and conditions as may be approved by the governor in council—further amount required, $3,000,000.

871. To authorize the retention by Canadian Arsenals Limited of an amount not to exceed $2,500,000 as a working capital fund for the operations of the company, representing advances from prior years' appropriations, $1.

872. To provide for contribution towards cost of subway at Sudbury, Ontario, to implement agreement entered into in 1939, $100,000.

ROYAL CANADIAN MOUNTED POLICE

873. General administration—further amount required, $20,866.

874. Land services—arising out of the Royal Canadian Mounted Police Act, enforcement of federal statutes generally, and other incidental expenses—further amount required, $1,386,201.

875. Marine services—arising out of the Royal Canadian Mounted Police Act, enforcement of federal statutes generally, and other incidental expenses—further amount required, $94,597.

876. Aviation services—arising out of the Royal Canadian Mounted Police Act, enforcement of federal statutes generally, and other incidental expenses—further amount required, $6,598.

Pensions and other benefits—

Pensions to families of members of the mounted police who have lost their lives while on duty:

877. Mrs. Margaret Johnson Brooke—further amount required, $23.44.

DEPARTMENT OF TRADE AND COMMERCE

881. Foreign trade services—export division—further amount required, $10,000.

882. Trade commissioner service, including payment of compensation to trade commissioners for loss of furniture and effects, under regulations approved by the governor in council—further amount required, $65,400.

883. Trade publicity and advertising in Canada and abroad—further amount required, $116,000.

884. Exhibitions generally—further amount required, $125,000.

885. Canadian International Trade Fair, 1949, including authority to refund from revenue deposits received for contracts for space, $500,000.

Dominion Bureau of Statistics—

886. Statistics—further amount required, $193,277.

Wheat and grain division—

877. To hereby authorize the Canadian wheat board to buy rapeseed and sunflower seed from producers at a price of six cents per pound for the best grade f.o.b. local shipping point and at appropriate prices for other grades during the period commencing on August 1, 1948, and ending on July 31, 1949; to sell rapeseed and sunflower seed so purchased or the oil extracted therefrom as directed by the Minister of Trade and Commerce; to enter into such contracts as the said minister may direct for the carrying out of any of these operations, $1.

Canada Grain Act—

888. Canadian government elevators, including equipment—further amount required, $112,169.

Special—

889. To reimburse the Canadian Commercial Corporation for expenses incurred in purchasing materials, supplies and equipment, etc., on behalf of the Department of National Defence under chapter 51, statutes of 1947, in the amount of $7,779.23, the balance owing for services rendered in the fiscal year 1947-48, and for the fiscal year 1948-49—further amount required, $87,779.23.

916. To authorize contribution to Trans-Canada Air Lines for improvements to airways facilities at Kinross airport, adjacent to Sault Ste. Marie, Michigan, on the great lakes route, not exceeding $19,000.

917. To authorize contribution of an amount not exceeding $137,490 to the state of Michigan, U.S.A., Department of Aeronautics, towards the cost of operation and maintenance of certain airways facilities at Houghton and Grand Marais, Michigan, U.S.A., for use of Canadian aircraft, as certified to by the controller of civil aviation and approved by the Minister of Transport, $137,490.

Meteorological division—

918. Meteorological services—further amount required, $165,980.

Radio division—

919. Administration of the Radio Act and regulations—further amount required, $163,400.

920. Radio direction finding stations, radio beacons and radiotelegraph stations, operation and maintenance—further amonut required, $43,000.

Demobilization and reconversion air service—Civil aviation division—airways and airports—

921. Operation and maintenance of municipal and other airports—further amount required, $46,004.

922. Care, operation and maintenance of Royal Canadian Air Force airfields turned over to the Department of Transport—further amount required, $109,068.

Canadian government trans-Atlantic air service—

923. To provide for the payment of amounts due to the United Kingdom government for the construction, supply, and installation of Rolls Royce power plants in certain aircraft used in the Canadian Government Trans-Atlantic Air Service, $321,984.31.

National Harbours Board—

931. Advances to National Harbours Board, subject to the provisions of section 29 of the National Harbours Board Act, to meet expenditures applicable to the calendar year 1948 on any or all of the following accounts:

Reconstruction and capital expenditures—Montreal—further amount required, $500,000.

GOVERNOR GENERAL AND LIEUTENANT-GOVERNORS

113. Office of the secretary to the governor general, including the salary of the secretary to the governor general at $7,600 additional to salary authorized by R.S.C. chap. 182, $111,468.

PRIME MINISTER'S OFFICE

316. Salaries of staff and other pay-list items, $93,972.

PRIVY COUNCIL OFFICE

317. General administration, $141,978.

Federal district commission—

318. Maintenance and improvement of grounds adjoining government buildings, Ottawa, and improvements to the parkway system under the control of the federal district commission, $231,500.

319. Expenses of the national capital planning committee, $100,000.

DEPARTMENT OF VETERANS AFFAIRS

532. Departmental administration $2,253,340.

Demobilization and reconversion—

553. Post discharge rehabilitation benefits, including the training of merchant seamen and salt water fishermen pensioners, $47,500,000.

Payments to or for veterans and dependents—

924. Pensions for disability and death, including pensions granted under the authority of the civilian government employees (war) compensation order P.C. 45/8848 of 22nd November, 1944, which shall be subject to the Pension Act —further amount required, $29,460,000.

925. War veterans' allowances — further amount required, $4,325,000.

926. To provide for the payment of grants to veterans settled on provincial lands in accordance with agreements with provincial governments, under section 35 of the Veterans' Land Act, 1942 (as amended by order in council P.C. 2122, dated 13th April, 1945), and payment of grants to veterans settled on dominion lands, in accordance with an agreement with the Minister of Mines and Resources, under section 35 of the Veterans' Land Act, 1942, as amended (P.C. 1550 of 18th April, 1946)—further amount required, $1,000,000.

927. To authorize, under regulations to be approved by the governor in council, reduction of indebtedness to the director of soldier settlement, of a settler under the Soldier Settlement Act, in respect of a property in his possession, the title of which is held by the director, by an amount which will reduce his indebtedness to an amount in keeping with the productive capacity of the property and his ability to repay his indebtedness to the director, $150,000.

928. Post discharge rehabilitation benefits, including the training of merchant seamen and salt water fishermen pensioners—further amount required, $5,632,500.

929. Hospital accommodation and facilities—further amount required, $850,000.

END OF SESSION

